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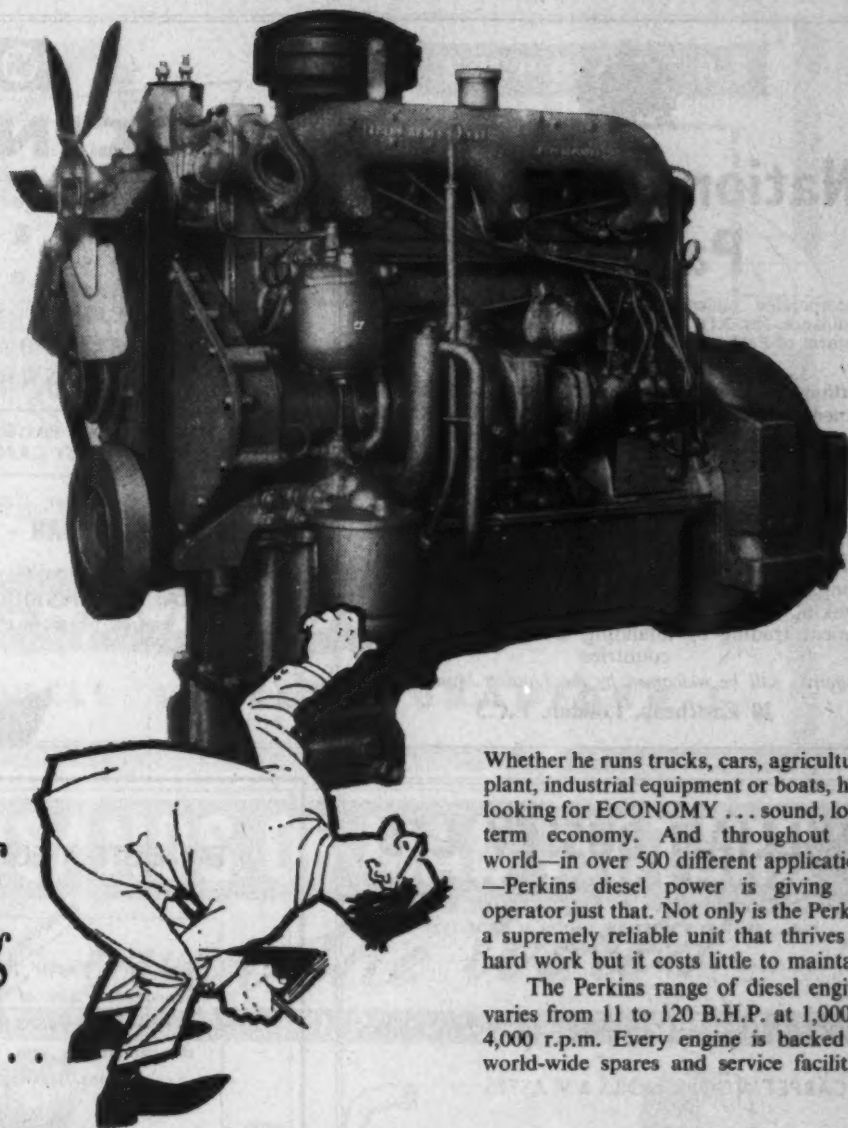
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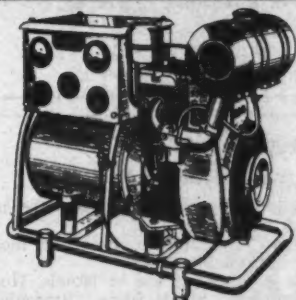
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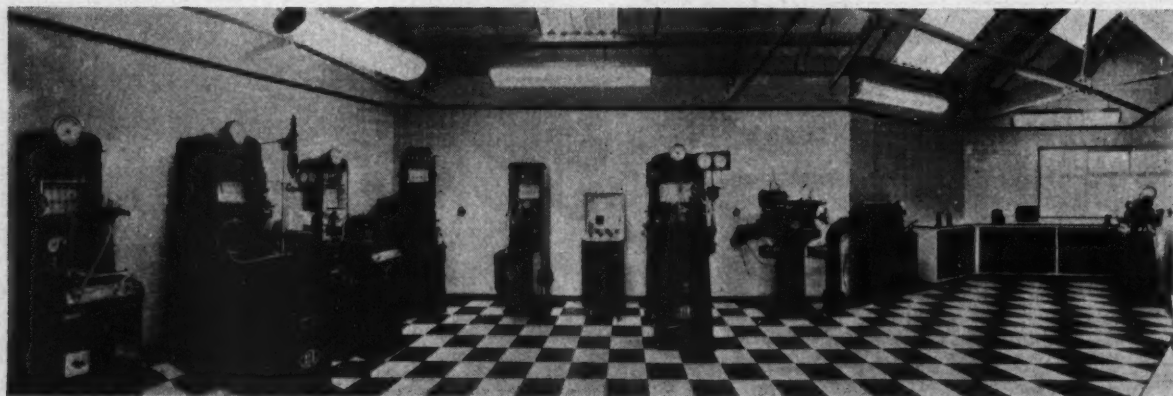
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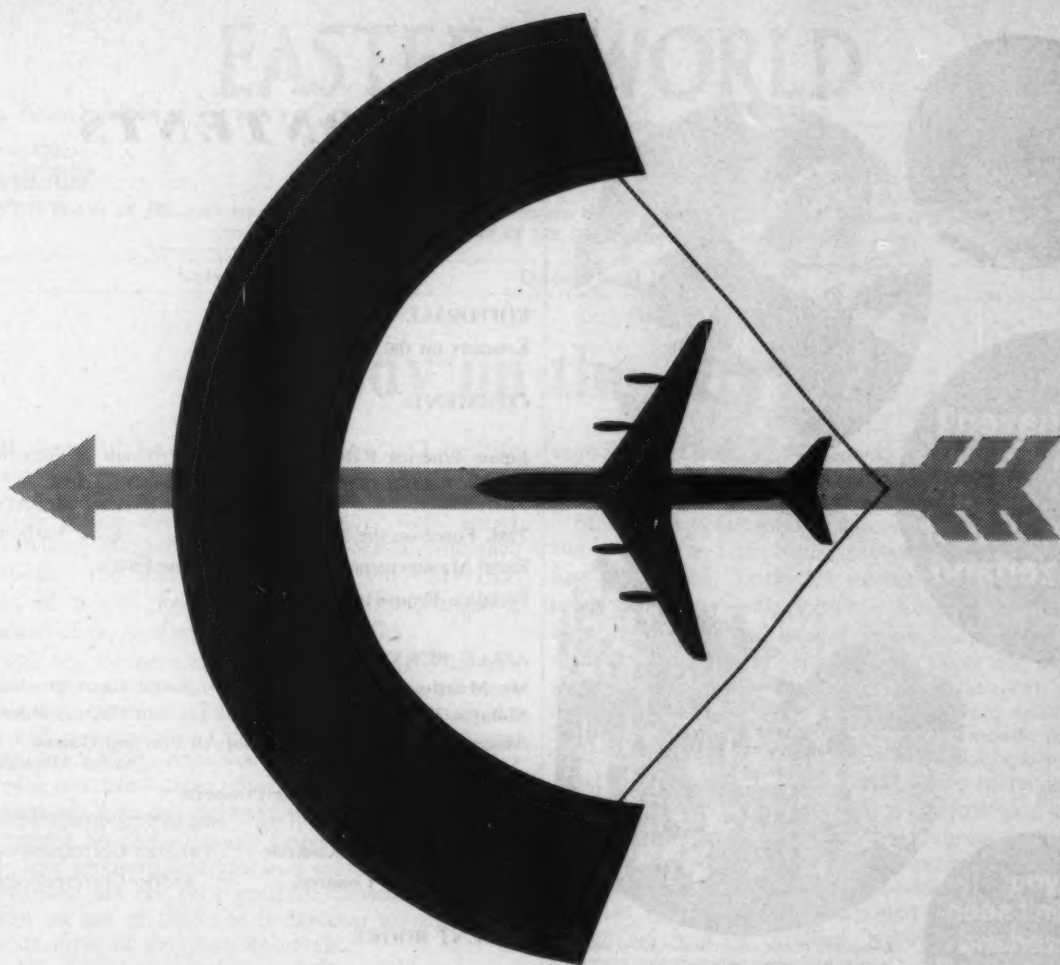
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Kennedy on the Horizon

THE hopes of the world have focused on John Fitzgerald Kennedy, President-elect of the United States. Khrushchev and Nehru hastened to congratulate him even before the full voting results were known. Adenauer and Macmillan were not far behind with their felicitations. The heads of all governments, like their millions of people, look forward to many changes in American policy, particularly in foreign affairs.

Though Mr. Kennedy enters on his period of office at a time when the economic outlook in America is on the bleak side, his most pressing problems lie in the world outside: Berlin and disarmament, Cuba and the Congo, internal relations in NATO, economic aid to India and other developing countries—these are the issues facing him. The recognition of China and the restitution of her international rights cannot be shelved much longer. Each and every one of these problems is urgent and crucial. Though the President-elect has not yet committed himself to a policy statement on any of them, he is expected to pattern his actions on those of the great Roosevelt.

Certainly he could hardly be worse than Eisenhower. For a long time the Republican administration, unable to think and act decisively, was employed only in damming up the current of world affairs. Now outlets will somehow have to be found. If Kennedy proves the man of action he himself promises to be, then he can hardly go wrong. With another Republican administration, there was a risk of America moving backwards against the stream of world needs. Kennedy is expected to move with the world.

Khrushchev, Nehru, Adenauer, and Macmillan have all put their money on Kennedy. Even the United Nations is procrastinating over the controversial issues of its present session, clearly in order to defer final decisions till next February, when Kennedy will be in the field. The expectations persist in spite of Kennedy's unhelpful views on some of the critical issues. He endorsed the Eisenhower policy on Berlin and the refusal to participate in a summit meeting unless an East-West settlement could be visualised beforehand, and US military strength brought up to Soviet levels. He has indicated his intention to step-up the nuclear missile programme and modernise American con-

ventional forces. Yet the general belief is that he was in earnest when he wrote to Khrushchev that he, too, hopes to achieve a just and lasting peace.

Most Asian commentators welcome the Kennedy victory, and some have even begun to count their dollars before they are hatched. During the election campaign, and many times earlier in Senate speeches, Kennedy expressed the view that success for Indian planning is essential to the non-Communist world. It now seems likely that the shape of dollar aid to the developing countries will change, probably with a reduction in allocations for military expenditure and an increase in aid for economic projects. Claimants for aid are multiplying in Africa, and to Latin America, too. Washington intends to be more generous than hitherto. But the political and ideological conflict with the Soviet Union remains as acute as ever, and is bound to be mirrored in the financial policy. In view of the persisting balance-of-payment difficulties and the run on the Fort Knox gold, the total fund made available for foreign aid may be curtailed, however much individual sectors may gain.

During the election campaign Kennedy was bold enough to say that Formosan forces should evacuate Quemoy and Matsu. But this was less an admission of China's rights than a kind of insurance against trouble. For no very evident reason, opinion in the Far East appears to be willing to credit the American administration with groping for reconciliation with China. The belief seems to be growing that at least its existence will be passively recognised and that the United Nations, where there is now a majority of uncommitted Afro-Asian countries, may allow China to take her place in the Security Council as one of the five permanent members.

But the biggest thing is that under the American system a new President has a clean slate to write on, and Kennedy shows the makings of a forceful leader. His country has placed its confidence in him, in spite of his being a Catholic and young in years for this exalted post. The chances are that he will move in the right direction, and he promises to move fast during the first 100 days of his administration. He has undertaken to do his best "to see the United States moves ahead in the 'Sixties'".

Comment

China Fights for Food

ALL China is mobilised to win the battle for food. Official statements and press reports from China leave no doubt of the gravity of the problem that has arisen from two consecutive years of bad harvests. This year is said to have seen the worst natural calamities since the establishment of the Communist regime in 1949. Drought, pests, floods and typhoons have wrought havoc among the growing crops, and China is now short not only of foodgrains but cotton and other agricultural products as well. These natural calamities falsified the high hopes of the future of Chinese agriculture first raised by glowing reports of the 1958 harvest.

China is now making efforts little short of the superhuman to overcome hunger and nakedness, with their inherent jeopardy to the people's faith in the Communist regime. It is not only the peasant communes in the country that are hard at work: students, youth groups, party workers, and bureaucrats have all been directed to emergency work on the land. The authorities have decreed that nothing must be allowed to stand in the way of this intensive agricultural work. If need be, they are even prepared to disband "for the duration" all professional, cultural, artistic and athletic teams.

There may be those who rejoice in China's misfortunes, but in Asia at any rate millions will regard the Chinese with renewed respect. There has been no shedding of vain tears in China over these disasters, nor any talk of supplicating foreign aid—as there has been in similar circumstances in India, Pakistan, and Indonesia—only a determined switching on of the nation's reserves.

Survival of Ngo Dinh Diem

AN ill-prepared revolt by a group of officers in Saigon last month failed when tanks came to the rescue of the dictatorial regime of President Ngo Dinh Diem. There has been neither rejoicing in the United States at Diem's victory, nor regret in Asia at the failure of the armed revolt.

The State Department in Washington confirmed that the revolt was not Communist-inspired, and Asians took note of the rebel declaration of anti-Communism rather than anti-dictatorship. But is this the end of discontent in South Vietnam?

Only a few days before the officers' rising, the Saigon administration made great play of what was described as "a great victory" over guerrilla forces not far north of the capital, in which they claimed to have killed a score or so and captured half a dozen of a well-armed force of some two or three thousand men. Diem is in fact unable to check the guerrillas, but he has used their existence as an excuse to establish a personal dictatorship over the armed forces, the police and the administration, the press and radio, to interfere with the elections and to turn the National Assembly into a rubber-stamp.

The United States, which is subsidising the Diem regime to the tune of one hundred and eighty million dollars a year, is not pleased. When even well-known non-Communists in South Vietnam protest against the dictatorship, it is hardly surprising that the Americans feel uncomfortable. Six months ago a manifesto was circulated by a group of prominent personalities in South Vietnam, among them ten former cabinet ministers, who drew pointed attention to the fact that Diem's policies had "only pressed the people, not protected them from the Communists".

Colombo Plan in Tokyo

THE Twelfth Colombo Plan Conference in Tokyo last month was held under the chairmanship of Mr. Morisabure Seki, of the Japanese Foreign Ministry, in an atmosphere of American patronage. There was no great enthusiasm at the meeting, though some two hundred delegates from 22 countries in various stages of political and economic development attended. Yet the fact is that the Colombo Plan has been doing some good work in cooperation and co-ordination. If it lacks fire and drive, as many developing countries complain, this is not the fault of the organisation as such. It should be remembered that the Plan came into being in order to coordinate the development plans of British Commonwealth countries. So far only India's planning efforts—of which the Indian First Five-Year Plan was hastily put forward in time for the first meeting at Colombo—have spread beyond the Colombo Plan limits.

Sixteen beneficiary countries of Asia, together with Japan and five developed countries of the West as donors, now form the membership of the Colombo Plan. The United States have generously contributed the largest amount, some six thousand million dollars since its inception, which has been a great help in the development of scientific, technical and cultural personnel of the Asian countries. There are those in Asia, however, who believe that American ideas of keeping industrial development slow in predominantly agricultural economies are a hindrance to the rapid industrialisation they

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require. The Indonesian Foreign Minister, Dr. Subandrio, not long ago went so far as to express doubts whether the Colombo Plan has at all any longer a useful purpose.

East German Phoenix

THE Western world was at one time greatly and justifiably impressed by the post-war economic recovery of the German Federal Republic. But the West German achievement is now over-shadowed by what their compatriots in East Germany are accomplishing. In 1958, when in launching their Seven-Year Plan, Herr Ulbricht, then Chairman of the SED (the Socialist Unity Party) and now head of the Government, declared that East Germany would by the end of 1961 overtake West Germany in *per capita* consumption, few people took this seriously. Today West German economists are surprised by achievements so far, as would be anyone who cares to look more closely into East German affairs. This is the reason why Bonn cancelled the trade agreement with East Germany, with effect from the end of this year, and also why West German businessmen themselves refuse to accept the cancellation. It is why British businessmen, too, feel annoyed at the obstacles placed by Whitehall in the way of East German trade and technical representatives who wanted to come here for business purposes.

The East German authorities in Berlin are understandably irritated by the hesitation of West European countries and even uncommitted countries of Asia and Africa in establishing diplomatic relations with them. They feel a special grievance against Britain and India. Both these countries claim that the interests of peace hold a primary place in their foreign policy, yet they maintain cordial relations only with Adenauer's regime.

Indonesia, Burma and the UAR wait only for India to give the all-clear to recognition of the German Democratic Republic. In the present world situation, such a step would be followed almost at once by many other Afro-Asian countries. This would inevitably remove the fig-leaf of respectability from the Bonn administration, with its extensive rearmament preparations and ambitions to acquire nuclear weapons. The East Germans believe that India hesitates to recognise the GDR less from the fear of Adenauer's reprisals than out of unwillingness to discomfit Britain. But Mr. Nehru, since his eye-opening visit to the UN, is no longer in a mood to play along.

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Schools in Ceylon

THE Ceylon Assembly has passed a Bill to bring private schools under the authority of the Director of Education. The Minister of Education told the House of Representatives that the Bill was a transitory measure which would make way for a second Bill; the latter would provide for the establishment of a national system of education. Under the national system, private schools, with only a few exceptions, will be placed under Government management. Educational opportunities would be thrown open to all, and the specialists and skilled workers that the nation required would be selected from the whole population. Finally, he claimed that the vast majority of the people supported the national scheme.

Forty-four members, or nearly a third of the House, nevertheless voted against the Bill. More important, the Government failed to get support from any significant section of the Opposition. The haste which seems to have marked the Government's action, and the unfortunate statements made by its spokesmen, have not endeared the measure to the opposition parties, not even to those which would normally have supported it. The Roman Catholic Church, which sees the measure as directed chiefly against it, has of course raised its voice loudest in protest. But other groups, including the Tamils and the Protestants, as well as those opposed to the nature of the take-over, have also criticised the move.

It is necessary to view the present controversy in the proper context of Ceylon. Opposition to missions and missionaries is no new thing. In many parts of Asia, there is still considerable resentment against the presence of Catholic or other mission schools which are looked on as survivals of the colonial era. This resentment is also directed against the products of these schools whose western-oriented education gives them a somewhat unfair advantage in terms of better-paid jobs, promotion to the highest posts, and so on. In Singapore, for instance, the conflict between the English-educated Chinese and the Chinese-educated Chinese still continues, in spite of the fact that they have now got a left-wing Government in power. The cry has been frequently raised that whatever is alien or semi-alien, and smacks of privilege, must be replaced by the homespun and indigenous.

In Ceylon, however, this kind of appeal has come mostly from the Buddhist ecclesiasts, whose political and social vision is not only extremely narrow, but dangerously chauvinistic. The part played by the Buddhist clergy in first bringing the late Mr. Bandaranaike to power, and later in leading the agitation in favour of the Sinhalese language, is well known. The Government's present measure is not bad in itself. After all the conflict between church and state over education has been fought out in many countries of the world, and advocates of secularism have welcomed the decline of the church's hold in this field. But in Ceylon the conflict is not quite on those lines. The influence of Sinhalese Buddhism on the present Prime Minister is quite considerable. Buddhist societies have welcomed the Bill for it enables them to make further inroads into the national sphere. Only those private schools will be allowed to continue where three-quarters of parents and teachers vote against the take-over, but they will not be allowed to charge fees. Hence many of the smaller and poorer establishments will be absorbed. It is to be hoped that Government schools under the new set-up will not place too great an emphasis on religious education, and that standards will not suffer.

JAPAN-AMERICA RELATIONS

HUGH H. SMYTHE

CONSIDERING political developments in Japan since June, it was not unexpected that political matters, along with economic affairs, should figure prominently in relations between Japan and America during the period leading up to the close of 1960. The vociferous reaction that was stirred up by the signing of the new mutual security pact in June had tremendous repercussions that revealed themselves intermittently throughout the summer and autumn, culminating in the wounding of ex-prime minister Kishi in July and the climactic assassination of Socialist leader Inejiro Asanuma, by ultrarightist, fanatical 17-year-old Otoya Yamaguchi, in October. Remembering that she gets blamed repeatedly for introducing democratic forms into Japan after World War II, America stood by in some confusion as leading Japanese newspapers called the assassination evidence of an inherent weakness in Japan's accommodation to democracy of the Western world. The clouded state of affairs continued as both the pro-America Liberal Democratic Government party and anti-American Socialist and Communist parties appeared to be thrown off balance by the political murder.

But there were also a few elements of clarity which gave encouragement to American authorities in the midst of the vocal and violent anti-American protest. Emperor Hirohito appealed to the Japanese on October 18 to "esteem the principle of obeying the laws" and to shun violence as he opened a special session of the Diet. And during the election campaign Prime Minister Hayato Ikeda and his party cohorts made it quite plain that for its own good Japan must continue to support the United States and the western allies, if it wished economic expansion and social development to continue. Mr. Ikeda said that neutralism was unrealistic for Japan. American authorities were heartened when he told the Diet on October 21 that Japanese neutralists "are the people who neglect the concrete examinations of the international environment around our country, who ignore the fact that Japan's power has an enormous bearing upon the East-West power balance, and who lack insight into the position of our country, which considers cooperation with the free countries as the primary basis of the national prosperity and economic development".

Japan's major interest in the American general elections focused on the Quemoy-Matsu issue generated between Mr. Kennedy and Mr. Nixon, but even this was not ascribed too much significance. For the Japanese at the time were too concerned with their own national elections which got underway in late October. Japanese interest in American elections since the war continues to centre on continued prosperity in the US, since Japan's own welfare

largely hangs upon this, and in possible shifts in American foreign policy that might affect Japan. Thus the results of the November 8 elections in the United States were somewhat irrelevant to the Japanese, since after listening to the platforms and statements of both Kennedy and Nixon last Fall, the Japanese were convinced there would be no significant changes on the American scene which would have serious implications for Japanese-American affairs. On the other hand, because of an analysis of public opinion in Japan in September, especially in provincial areas, showed the Japanese were not receptive to the ideas advocated by the extremist youth and Leftist circles, Americans were not surprised at the election results in Japan.

But though the dramatics of the last few months were largely political, economic and business developments are always of paramount importance. The Japanese have been alert for a long time to the continuing efforts of certain business segments in America to increase barriers against Japanese goods, and they paid special attention to reaction to the import into the US the past summer of the first black and white television sets sold there in August. This invasion was viewed with concern by American business elements as the latest move in a constantly increasing export drive by the Japanese electronics industry that already sees such products in strong supply as transistors, transistor radios, and high-fidelity phonographs. Yet there is no question of quality involved here. It is known that several American manufacturers of transistor radios are buying Japanese parts for use in their finished sets, and one large producer, responding to the question whether this was because such parts were cheaper said, "I can't answer for others, but I buy the Japanese parts because they are better." Supplementing this trade penetration, in September a group of Japanese department store executives visited the US under sponsorship of the International Cooperation Administration. Headed by Shinzo Matsuda, managing director of the Japan Department Stores Association, and Yasuemon Kibuchi, president of Izutsuya Ltd., of Fukuoka, the group came to observe techniques of salesmen's calls and department store operations.

In the face of such developments, it was unusual for the Southern Governors Conference, meeting in Hot Springs, Arkansas, in late September to find them shifting from the region's traditional support for free trade and urging adoption of an essentially protectionist tariff policy. Long at odds with Japan, especially over textile exports to the US, at the heart of their proposals was a call for import quotas on textiles and some other items, a reshaping of trade programmes, and Congressional action aimed at a revision of laws in this field. They also urged that the Government act administratively and legislatively to preclude further trade concessions under the General Agreement on Tariffs and Trade on any commodity affected by excessive import. Fortunately for the Japanese not all business circles were seeing eye to eye with the Southerners, and another viewpoint was reflected in an editorial in the October 4 *New York Times*, which spoke of the proposal as something "as if it had been prepared by the right wing of the National Association of Manufacturers". The *Times* felt the programme was being advanced at a most inopportune time, "not that any time is opportune," but "They do it when GATT negotiations are beginning again, when the economic split between the Common Market and Free Trade Area grows daily more serious, and when the United States ought to be emphasizing liberal trade policies both for our own good and to diminish the likelihood of a devastating tariff war among our allies."

As an effort in a direction calculated to stymie such develop-

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ments, the Japanese Government announced it was making a real effort to erase the stigma that a "made in Japan" label is synonymous with cheap labour and shoddy workmanship. The Industrial Technology Office reported in September that it planned to begin issuing Japan Industrial Standard labels to consumer goods next year in an effort to maintain high standards. Although the system applies primarily to locally consumed goods, the stamp of approval is expected to have the effect of increasing customer confidence on the export as well as local market. Further, the Japanese Government in October approved the establishment in Japan of a Japanese-American joint enterprise to produce neoprene, a new variety of synthetic rubber, at a 50-50 ratio. The project is to be undertaken by the Showa Denko, a chemical company, and I. E. duPont de Nemours & Co., Inc., of the US. This permission represents the first of its kind authorized in Japan in three years and ties in with the plea of a US Department of Commerce official urging Japan to move more speedily toward a general lifting of restrictions on American products. Eugene M. Braderman, director of the agency's Far Eastern Division, cited the extensive growth of Japanese exports to America, and asked that the liberal trade policy that encouraged this growth be reciprocated.

In October it was reported by Itsuki Watanabe, managing director of the Japan Bond Underwriters Association, that Japanese industrialists are hopeful of increasing their requisition of capital in the United States. Mr. Watanabe, after returning from the annual meeting of the International Monetary Fund in Washington, along with Mr. Maomichi Toyama, head of the New York office of Nikko Securities Co. Ltd., one of Japan's four largest securities concerns, said in an interview in Tokyo that Americans have been eyeing Japan increasingly as a source of new investment opportunities. They both felt that most companies would enter the US market for the first time through private placement of new issues followed by a public sale. Japanese firms considering this approach are the Kawasaki Steel Co. Ltd., with a \$4 million bond issue to be offered through the First Boston Corporation, and Sumitomo Metal Industries Ltd., discussing a \$5 million placement with Kidder, Peabody & Co. Although at this writing terms and interest rates are not known on proposed issues, it was hoped that maturities would be at least ten years. In addition to these it was pointed out that concerns in the Mitsubishi group were interested, that there was a strong possibility of a \$20 million Japanese Telephone and Telegraph Co. offering in the US, with Dillon, Reed & Co., First Boston Corp., and Smith, Barney & Co. handling negotiations, while the Japanese Development Bank is also considering issuing some \$30 million of bonds on the American market.

Certain other matters on the economic front were watched closely by American business interests as the following developments were noted in Japan. The Ministry of International Trade and Industry announced in the late autumn that, in order to give the finishing touches to the export target for fiscal 1960 (ending in March 1961), the Government decided to set the final export goal of \$4,100 million on a customer clearance basis. The Government reported that a general review of post-war developments in Japan's balance of payments reveals that the trade deficit during the period of economic expansion has been declining, and that there is a tendency for the trade balance to shift from import surplus to export surplus. That a large number of industrialized countries have been cautious against the advance of Japanese exports into their home markets and are imposing discriminatory restrictions on their imports from Japan; and that Japan is running behind other industrialized countries in establishing export markets for machinery and equipment in less-developed countries; that in regard to light industrial goods, less-developed countries will be more and more manufacturing an increasing number of them in the future. All of this is to be viewed against a report in the annual MITI White Paper which revealed that Japanese exports during 1959 exceeded for the first time the pre-war (1934-36) average volume. To offset the negativism developing towards Japanese trade in overseas markets the White Paper placed strong emphasis on the liberalization of trade as well as changes in the

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nation's trade structure in keeping with transitions in the structure of world trade. A footnote to conclude this aspect of US-Japan developments is a report that Japan has become one of the leading film producers in the world and, according to UNESCO statistics, ranked first in the production of number of movies, followed by America, India, Hong Kong, and France.

Turning to foreign affairs, Foreign Minister Zentaro Kosaka came to Washington in September for talks that included discussion of Communist China, liberalization of trade, and the situation in Asia and Africa, among other points. But developments connected with the United Nations commanded major attention. In general Japan backed up the American position opposing Russian proposals for disarmament and Khrushchev's attack on UN Secretary-General Dag Hammarskjöld, a Foreign Office spokesman calling them "unrealistic and designed to make propaganda". Paralleling the viewpoint of the US, the Japanese felt that to accept the Russian programme would weaken the West, bring about the collapse of the Western defensive system, and intensify the cold war. It sided with the American position in the United Nations on the Congo situation saying, "Its final settlement will depend largely on the activities hereafter of the United Nations and the cooperation of all its member states." As regards the newly independent and emerging African nations its view was similar to the American, but it went a step further in pointing out that these nations raised to serious proportions the attention that must be devoted to the matter of racism, that Japan wanted the UN to know as regards "the principle of racial equality," this "Japan has consistently advocated ever since the Versailles Peace Conference.

Japan also sent a large delegation to take part in the annual Far East Conference sponsored by the Far East-America Council of Commerce and Industry held at the Waldorf-Astoria Hotel in New York in October. Japan has also responded favourably to American pleas that she undertake greater responsibility in aiding the less-developed nations. A jarring note was injected here in

September, however when Foreign Minister Subandrio of Indonesia implied that he would like the US to intercede with Tokyo to cancel the proposed visit to Japan of the Netherlands aircraft carrier Karel Doorman to commemorate the 350th anniversary of Netherlands—Japanese relations.

As an offshoot of foreign relations cultural matters continued in their customary positive manner highlighted by the hearty welcome extended to the visiting Crown Prince Akihito and Princess Michiko when they visited America in September, a visit that helped to mark the centennial ties between the two countries. When they returned to Japan in October the Prince told the Japanese of the "very warm welcome accorded" and of "the sincere interest and friendship entertained by the American people toward us Japanese".

On the less formally exalted side of things, a group of educators came to America to inspect the educational system and speaking for the group, Kunimasu Otsubo, Director of the Inspection Department, Metropolitan Board of Education in Tokyo, expressed approval of American methods of teaching. Educational relations were further broadened through published plans of Stanford University (of California) to open a campus in Tokyo on April 1, 1961, for advanced students specializing in Far Eastern affairs who will spend a year on this Campus-in-Japan. An American firm, Charles R. Gracie & Sons of New York, began to add to its import of things Japanese a full-scale tea house to sell for \$8,000, while memories of World War II were fleetingly revived in cultural overtones when New York Consul-General Mitsuo Tanaka transmitted to General Douglas MacArthur, US head of the Japanese Occupation, the Grand Cordon of the Order of the Rising Sun with Paulownia Flowers for his role in the reconstruction of Japan.

As the two nations conclude the first year of the 'sixties this kind of honouring ceremony is reflective of the state of affairs between them. Political turmoil may rage occasionally, economic difficulties arise at times, the two may take umbrage at certain acts of each other in foreign relations, and tensions in Asia, Europe, and Africa may have some impact on their association. Yet Japan and America continue to remain the best of friends, each respecting the other.

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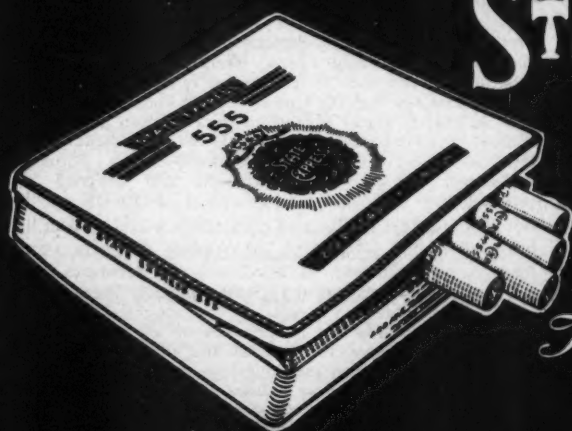


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EMPLOYMENT IN INDIA AND THE THIRD FIVE-YEAR PLAN

K. KRISHNA MOORTHY

INDIA'S Planning Commission estimates that 14 million jobs will be created within the frame of the Third Five-Year Plan (1961-66)—3.5 million in agriculture and 10.5 million in the non-agricultural sector. It also expects some reduction in under-employment in agriculture, small industries and trade.

The Draft Outline of the Third Plan estimates the new entrants to the working force, that is people who will reach working age, at 15 million. This figure, however, is not accepted by independent experts since the population expansion has been at a rate far higher than originally estimated. The Central Statistical Organisation now considers that the population will be 431 million in 1961, 480 million in 1966, 528 million in 1971 and 586 million, in 1976, against the Second Plan estimates of 408 million, 434 million, 465 million and 500 million. The population in 1951 was 362 million and the revised estimates place the increase from 1951 to 1976 at more than 200 million people, against about 140 million envisaged in the Second Plan. Between 1961 to 1976 the labour force in India may grow by 60 million people and two thirds of them may have to find work outside agriculture.

The First Plan provided 5.5 million new jobs and the Second Plan is expected to have created 6.5 million outside agriculture and two million in agriculture. The backlog of unemployment was thus about five million at the end of the First Plan in 1956. The new entrants to the labour force in the Second Plan period is placed by non-Governmental experts at between 14 and 15 million and this will leave more than five million of the new entrants unemployed. With probably 20 million people joining the labour force in the years 1961 to 1966 (the Planning Commission estimates of 15 million are far too conservative) the Third Plan will have to provide nearly 30 million jobs to achieve full employment. Since the Third Plan aims at a maximum of just 14 million new jobs, the backlog in 1966 may be more than 15 million.

According to Dr. Baljit Singh, head of the Economics Department of Lucknow University, despite heavy investments in large-scale industry, factory employment was still 2.23 per cent of the labour force in 1957 against 2.03 per cent in 1950. The continued emphasis on heavy industry, considered essential to take Indian economy towards a self-generating pattern, will not provide many opportunities for expansion of employment on the scale needed. But too much emphasis on labour-intensive schemes will stifle economic development. The encouragement to the traditional labour-intensive cottage industries and crafts has perhaps acted as a cushion against further unemployment of the artisans rather than added many jobs to the new entrants.

The Programme Evaluation Organisation's seventh report on the working of the Community Development Programme says that the chronic or perennial unemployment in the rural areas is twice as large as the extra-seasonal unemployment among cultivators and agricultural labourers and thrice as large among artisans. Movement of people from farms to

crafts cannot ease the rural unemployment situation, according to the report. In the past several decades, there has been a movement in the opposite direction. The evaluators have concluded that rural arts and crafts will have to expand greatly to absorb even a fraction of the unemployed among agricultural labourers and cultivators.

Increasing rural employment calls for the introduction of new industries in the villages. In the Third Plan 34,000 villages and towns are expected to be electrified against 19,000 in the Second Plan. This will provide opportunities to start small industries which will be much more labour-intensive than the bigger projects on which the bulk of the industrial investments will be made.

Suggestions made by the planners to expand employment are: location of processing industries in rural areas, enabling villages to meet the needs of the urban areas; utilisation of manual labour by restricting the use of machinery in projects to operations entailing reduction of costs or saving time; expansion of employment for educated young men in their own districts in running cooperatives and local self-government institutions. The absorption of as many new entrants to the labour force as possible in the rural economy itself alone will substantially reduce the problem of unemployment and under-employment.

The Planning Commission has suggested five categories of works to make a dent in the unemployment problem. The first category includes irrigation and flood control, land reclamation, reclamation of saline lands, afforestation, soil conservation and road development (all these need only unskilled labour).

The second category are works undertaken by a community and by the beneficiaries as a matter of legal obligation, like maintenance of irrigation works, field channels, contour bunding and bunds of tanks and tank desilting. The village panchayats may be empowered to enforce these obligations on the part of the beneficiaries.

A third avenue of employment will be works to provide minimum amenities like drinking water, village link roads and schools. Each village is to be persuaded to provide itself with these basic amenities and villagers are to be called upon to make donations of money and labour. The Government plans to spend Rs. 500 million on these schemes. Other projects include those to build up productive communal assets like tanks, fisheries and common pastures and special works undertaken as relief in areas where the incidence of unemployment is usually high.

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Task Force on the Mekong

E. R. YARHAM

THE plan to harness the Mekong, the great river of South-East Asia, is rightly quoted as "an outstanding example of international cooperation". Many nations are engaged in the undertaking, and at the end of September the first group of ten Australians left for the area to carry out drilling work at two dam sites and to train Asian geologists and technicians who will work on the project.

Much of the credit for the successful launching of the scheme must go to the four governments chiefly concerned (Cambodia, Laos, Thailand, and Vietnam) for sinking their political differences and coming together in very difficult circumstances. But just as praiseworthy was the willingness of the French Government to get the programme started.

Indian, Japanese and French experts all contributed to the ECAFE report (UN's Economic Commission for Asia and the Far East) which stimulated activity. The UN commission was headed by Lieut-General Wheeler—famous for his work in clearing the Suez Canal—who recommended a five-year survey of the waterway and its adjoining lands. This period will be required to gain the necessary knowledge before plans can be made to the best advantage of all concerned.

After the Wheeler report had been accepted in its entirety, many countries immediately came forward with assistance. Canada offered an aerial reconnaissance survey, Japan a reconnaissance of the Mekong's tributaries, and India is willing to help in setting up rain-gauging stations. The Italian Government also offered to make available fuel oil for the project. Australia has been mentioned, and officials concerned in the construction of dams and tunnels for the Snowy Mountains scheme have chosen the sites of two dams along the course of the Mekong, one in Cambodia and the other in Laos. Nine million dollars will be spent in the preparatory phases alone.

The Mekong flows 2,800 miles (it ranks seventh in world length) from the Himalayan snows of Tibet to the Pacific, and because of its lofty sources, maintains a powerful flow of water throughout the year. The French did much to improve its navigation but it is subject to heavy floods and is impeded by rapids, shoals, and shifting sandbanks. At present it is a potential source of vast benefits which is largely going to waste. This loss, it is hoped, will soon be remedied. A co-ordination committee on which Cambodia, Laos, Thailand, and Vietnam are represented, has been set up under the wing of ECAFE, which regularly meets and plans for future work.

At this moment some 100 engineers, internationally recruited, supported by 300 or so local personnel, are already at work on the Mekong river basin project. The real significance of this lies in the fact that so many different kinds of water development will be possible under the scheme. Hydro-electric power irrigation, inland navigation and flood control are all being tackled simultaneously. Increasing interest is being displayed in the possibilities of the tributaries. More than 17 million people live in the basin of the Lower Mekong, and the project, successfully carried out, would change their lives infinitely for the better.

As stated earlier, the river takes its rise in the Tibetan

highlands, and of its length 1,200 miles flow through portions of the Chinese Empire and Tibet, and the other 1,600 through the four riparian countries named. Its course through the mountain wastes is little known. Lower downstream Cambodia owes the whole character of its life and activities to the river, which inundates and fertilizes the country. At its mouth the Mekong forms an immense delta of alluvial and exceedingly fertile soil.

The river rises with the rains in June, and later overflows the high dykes which bound it. The rich, alluvial deposits on either side form miniature plateaux, which are well cultivated and support numerous villages. Towards the end of September the inundation has reached its limit, and the water gradually subsides. As it does so, it fills all the canals communicating with the Mekong. By March the river is very low and the canals are dry.

The Great Lake, or Tonle Sap, remnant of an old sea gulf, is linked to the Mekong by a channel, through which it receives the river flood waters. When these are at their height, from 40 to 45 feet, the lake is 118 miles long by 15½ miles broad, with an average depth of 45 feet. At this period it has an area of some 770 square miles and, like the river, it inundates the marshes, forests and cultivated lands on its borders.

During the dry season this immense inland sea empties itself into the Mekong, and its size is reduced to under one-sixth of its former dimensions, and its depth shrinks to a maximum of five feet. This marks the beginning of the fishing season, when enormous quantities of fish are caught. The lake, in fact, probably represents the chief wealth of Cambodia. It supports a fishing population of over 30,000. The export of salt fish has become an important item in the trade of the country. If the Tonle Sap and the Mekong are famous for their fish, the river is hardly less notorious for its large and voracious caymans or alligators.

Seventy-five per cent of Cambodia is covered with virgin forest abounding in wild life, and the same applies to Laos, which floats large quantities of cut timber down the Mekong to the saw-mills of Cambodia.

Farm Management in Asia and the Far East

FARM management problems in Asia and the Far East were discussed at the fifth FAO (Food and Agriculture Organisation) development centre on farm management, held at Manila and Los Bancs, the Philippines, from October 3 to 22.

The main objectives of the centre were to provide an opportunity for discussion of farm management problems in this area with particular emphasis on problems of small rice farms—such as farm resource allocation and utilization, impact of technological innovations and ways of enlarging size of farm business.

This fifth centre was the final meeting in an overall programme of concentration on farm management in this region of the world. Farm management work in the region will, in future, be carried on by national effort. The first centre emphasized the place of mechanization in rice farming, the second was devoted to farm planning and budgeting, the third studied the role of farm management in land settlement, and the fourth contributed to the theme of farm management research and extension.

The centre was jointly sponsored by the Government of the Philippines and FAO with the cooperation of the Council on Economic and Cultural Affairs, Inc., New York. It has been organized for the benefit of member countries of FAO in Asia and the Far East, and will be attended by approximately 30 delegates from India, Pakistan, Ceylon, Thailand, Japan, Philippines, Hong Kong, Korea, Indonesia, Malaya, Vietnam and Burma.

Freedom-from-Hunger Campaign

MR. B. R. SEN recently made an emphatic appeal for greater governmental participation in the Food and Agriculture Organization's Freedom-from-Hunger Campaign. The Director-General, addressing the opening session of the FAO European Conference, said that "halting action" on the part of governments is affecting "the whole tempo of our (campaign) activities. . . ."

The contributions required of governments, as the result of approval of the campaign by the 1959 session of the full FAO Conference, "are very small compared with the size of the effort to be made"

The campaign was officially launched at FAO headquarters on July 1, 1960. Since then, governmental contributions of some \$300,000 had been paid or pledged to the Campaign Trust Fund.

Mr. Sen said that contributions from non-governmental sources have also not yet got into full swing in all countries. "The most encouraging response so far has come from the industrial field. The fertilizer industries of several countries are coming forward to make available the necessary funds in order to finance an international fertilizer programme under the Freedom-from-Hunger Campaign. An industrial concern which manufactures outboard motor engines has offered 2,000 motors, together with installations and servicing facilities, to be used in connection with projects for mechanization of fishing boats under the campaign."

Mr. Sen said that even to maintain the present unsatisfactory level of food consumption it would be necessary by the end of the century to increase cereal production by more than 100 per cent and animal products by more than 200 per cent. To achieve a more satisfactory level of nutrition the increases would have to be much higher.

While increased production in the more-developed countries and the use of agricultural surpluses could make a substantial short-term contribution to solving the problem, he said, "the effort that will ultimately break the vicious circle of under-productivity and malnutrition must come from the governments and the peoples of the less-developed countries themselves".

If FAO, through the Freedom-from-Hunger Campaign, is to perform properly its role of catalyst and coordinator, Mr. Sen added, "it must have the tools with which to do it".

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ASIAN SURVEY

SIX MONTHS AFTER UPHEAVAL

From a Correspondent in Seoul

It seems inconceivable that Dr. Syngman Rhee is no longer the ubiquitous president of the Republic of Korea, but since he is not, the last six months show a surprisingly stable country, one that is a lighter burden for its UN-sponsor the United States, one that came through the bloody experience of revolution, with little pangs of brooding and vengeance, little scars of witch-hunting, and with more than a little hope for a bright, expensive future.

Economically, the ROK should be viable. The American fund infusions should go further, accomplish more, and the donor will have less reason to apologize for the new Government, however harassed it may be for factional reasons, than for the tyrannically wicked old one it most certainly opened its eyes appropriately in time to help overthrow.

Rhee has gone and none of what spokesmen of gloom had feared might happen did happen. Red armies didn't crash down from the North; the Huh Chung caretaker Government didn't capitulate in a welter of fresh blood and dissension; the students didn't take anarchically to the streets once more; the Army didn't disintegrate because a few corrupt officers were cashiered; the economy didn't wither and fall to seed, and law and order, and profound respect for it, *did* swiftly return.

The trials of Rhee henchmen were conducted with dignity and scrupulous democratic fairness. The old man, patriot and tyrant in equal parts, vanished—from the currency, the bases of monuments, the pictures hanging in police stations and Government offices—disappeared as thoroughly as his physical presence did earlier. The provisional government filled the gap between the old and new regimes with what has rightfully been styled "conscientious if undistinguished application."

Elections, unflecked with violence and wrongdoing, were held and a true new order came into being, under the regime of kindly, softspoken Dr. Chang Myun, the big voice against Rhee which had been developed at America's Manhattanville College, in the UN, in Washington, and in post after post of

trust and honour in Seoul itself. Koreans with marvellous orderliness have gone back to daily living and enviably democratic governing.

But is there this undercurrent of unrest that many trained observers profess to detect, is there reason to fear that dissatisfaction is so rife, if still so quiet, that again the lid may blow off, and again revolution will flow into the streets and squares?

There are powder kegs and there are fuses. There is vast, unsettling unemployment. There is fear that thinning down the Army will flesh out the jobless ranks. There is lack of opportunity for trained and educated youngsters, itself a breeding-ground for disappointment and dissension. There is the political muddle, the economic tangle, the social problem—and even the watchful eyes of Seoul's idealistic students, though they may detect problems, cannot necessarily solve them.

There is some menace that the ruling Democratic Party, 12 years the "out" Party, could—theoretically—it is true, revise the Constitution and run Korea in a way more iron-handed than the deposed old Doctor who resides in Hawaii. But splits, internal stresses, outright factionalism would seem to hold this back from happening. Even Dr. Chang is proof personified of the old adage that claims 'Uneasy lies the head that wears the crown.' Politicians who talk too loud and cast too long a shadow, must realize this: over their shoulder watch keen pairs of eyes, eyes of students who will brook no nonsense. The students are the conscience of the nation; no politician today is so foolish as not to consider this power, proven, bloodied, and tested.

Socially the country seems in better shape than ever before. Koreans have shown a quite marvellous maturity, a political acumen, and a long-sightedness. They frown on demonstrations just for the sake of demonstrating. They look with disapproval on foot-dragging on basic issues of reform. They urge searching inspection of the nation's problems and actions to resolve these problems, as well and as wisely as possible.

There is, as we noted earlier, this magnificent lack of a retributive spirit. Trials have been conducted quietly, honourably, firmly, but with no blood-cry. Army cashierings have been conducted with equal calmness and attention to dignity and justice. Even the matter of confiscations, like punishments, is being handled with superb sanity.

The political future of Korea, like its social future, would seem to depend on its economic future. If the latter is bright, or rather if it can be made bright, all will be well. Otherwise, all will be indeed far from well.

The Korean Republic needs friends, needs help; fortunately, both are available. American aid is ready and in enough abundance, and the new regime shows full signs of that co-operation the Rhee Government never gave, but which will aid the ROK to gain the fullest advantage from such aid disbursements.

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There are other growing-pain problems. Tax evasions. Hwan devaluation talk. Labour unrest. Wage demands increase. Gaps between import and export. Devitalized industry. Swollen marginal unemployment and underemployment ranks. These and other problems. The Government born from blood and terror is aware of them, flinches not in the least from them. For the first time in its young new history the old country has a Government which is on the side of the people, honest and tireless, one that wants to make good. The worst most certainly seems to have passed. It could easily be that the best is yet to come.

Malaya

Tranquil Stability

From our Correspondent in Kuala Lumpur

In comparison with the troubled years just after the last war, the Federation of Malaya today enjoys an atmosphere of tranquil stability combined with a spirit of confident progress. It is true that a faint threat of terrorist activity still exists near the Thai border. During the course of the present year, 65 camps of various sizes have been discovered and 18 terrorists killed, captured or surrendered; but that threat is now no more formidable than the non-political gangsterism and occasional kidnapping that worries Singapore. Far more significant is the absence of industrial unrest. Last year there were only 39 strikes, as compared with 69 in 1958, a ten-year record. This quite remarkable freedom from internal strife and a marked rise in savings provided the basis for the optimistic tone of the Finance Minister's address to the World Bank last month.

During the Second Five-Year Plan, the government aims to provide employment for the very rapidly increasing population by promoting industrial expansion, and giving more land to the rural peasantry for the cultivation of rice, rubber and fruit.

Since 1958, 49 new factories have been set up, employing nearly 4,000 persons. Under the Pioneer Industries Ordinance, whereby a company receives tax exemption of up to five years and in some cases relief from duty on raw materials, a large industrial estate has been created, complete with roads and water supply at Petaling Java just outside Kuala Lumpur. Nearly all the factory sites have been taken, and it seems probable that similar enterprises will be set up near the other towns. Even so, with new jobs for perhaps a third of a million men and women, by 1968 there will still be a similar number looking for employment. Hence the government is concerned also with the further development of tin-mining, the rubber industry and small agricultural holdings.

Unfortunately, not only is there some shortage of land for factories in suitable localities, but there is a shortage of land that could be devoted to tin-extraction without coming into conflict with other land users. Yet tin is important, since it accounts for 15 per cent of the annual revenue of the Federation and one-fifth of the country's exports. Alienation of more land for tin production will mean less for agriculture and forestry, and the government is pledged to do everything possible for the Malayan farmer. The peasant, who for social and political reasons cannot be ignored, is in many respects a most uneconomic element. According to a census just completed, 68 per cent of all Malay farms are uneconomic—

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between one-quarter and four and three-quarter acres in area. It is probable that the average farm is below what is regarded as an economic size—namely eight to ten acres.

What is more serious is that the uneconomic plots are most numerous in the purely rural areas where there is little alternative employment to supplement farm income. The uneconomic smallholdings may also constitute a retrogressive element in rubber production. At a conference of scientists and technicians held in Kuala Lumpur last month, confidence was expressed in the ability of natural rubber to compete with synthetic products, if the results of research were put into practice, and methods of cultivation were brought up to date. Using a locally-discovered hormone treatment for trees, an extra 68.4 million pounds of latex has been provided in the last four years and the government is thinking in terms of 2,000 pounds of rubber per acre, while some optimists do not regard 3,000 pounds as impossible. While these glowing forecasts were being made, however, the Ministry of Commerce and Industry was threatening the "hard core minority of small rubber estate owners" with the prospect of expropriation of their land if they continued to refuse to cooperate in the policy of replanting with new high-yielding trees. The small estates involve only 160,000 acres. In addition, nearly three-quarters of the 1½ million acres of rubber smallholdings still have old uneconomic trees.

It is true, of course, that a very considerable amount of replanting has taken place; but the official figures do not tell the whole story. Before replanting, the land should be adequately prepared, and proper maintenance should be carried on afterwards. Grants-in-aid to smallholders are withheld if this is not done. The disturbing fact is that grants are still being withheld in the case of some 10 per cent of smallholders who have at least gone so far as to replant. Observers report that more than half of their holdings are in a neglected condition. They stress another fact of great significance—over 60 per cent of Chinese-owned holdings are in good condition as compared with less than 30 per cent of those belonging to Malays. If harmonious relations are to be maintained between Chinese and Malays, the standard of living of the Malays must be increased, and the government is giving them every assistance both in agriculture and industry. However, if they do not respond or if their response is too slow, then the Chinese, who have always tended to be more active and economically progressive, will increase their influence in Malayan life, so that eventually the Malays could become a depressed minority. Before that stage was reached, explosions would occur in the political field, and they would be heard and appreciated far beyond the Federation.

It seems quite possible that the government will obtain the 3,000 million Malayan dollars of capital required for industry by 1968. Kuala Lumpur and Ipoh are already booming towns, full of confidence in the future. Port expansion still cannot keep up with the increasing demands of shipping. With a mildly socialist programme aimed at organising the nation's resources for the benefit of the people without restricting legitimate private initiative, the industrialization programme will probably succeed. Unfortunately the needs of the agrarian population, as elsewhere in Asia, cannot be met entirely in this way and the traditional conservative stubbornness of the peasant presents problems for which no adequate and sure solution has yet been found. In China and the USSR, the answer has been compulsory collectivisation. In India a start is being made in voluntary collectivisation. In Malaya, joint work in replanting is being advocated and has already been put into practice on a small scale. It is still too early to venture a guess as to whether democratic methods of persuasion will succeed. Their failure would bring ominous clouds to the bright future for which Malaya's very competent leaders are working, and would have repercussions far beyond the confines of the Federation.

Australia

Sharing with Asia not all Fun and Games

From Charles Meeking, Canberra

When a visiting anthropologist suggested recently that it was time "white" Australians' living conditions and customs were subjected to skilled anthropological survey, he might have been thinking of a major but seldom acknowledged division in Australian outlook. Australians could be divided roughly into two sectors—those who feel this continent is geographically, and eventually economically and culturally, a part of Asia, and those to whom the idea is anathema.

The Menzies Government has never shown any wholehearted enthusiasm for closer links with Asia, except those of trade; the Labour Opposition ardently supports the "white Australia" theme. Australia was not invited to the Afro-Asian conference in Bandung, and comparatively few Australians have visited any Asian countries except those encountered on a sea voyage to Europe.

Now, however, an olive branch of unrealised significance has been held out to this country, and the official and private reactions may have far-reaching effects. The Indonesian Embassy in Canberra has recommended to its Government that Australia should be invited to participate in the 1962 Asian Games to be held in Djakarta, basing its recommendation on the fact that Australia, populated with people of European origin, is nevertheless part of Asia geographically.

A few voices are raised in the Australian Parliament and elsewhere about the need for service and self-sacrifice to help Asia repel the physical and ideological pressures from Russia and China; there is some support for the Japanese move for an Asian productivity organisation. No encouragement for these or similar views can be discovered among either Ministers or the Opposition. In the same way, the pleas of some churches, including the Church of England, and of some academic and other leaders for a liberalising of the immigration restrictions have failed completely to have any political impact.

Against this background, the Australian stand on New Guinea and non-consultation with Asian views on world policies are disturbing. At the beginning of November the Australian Government had shown no official interest in the plans of Malaya's Prime Minister, Tunku Abdul Rahman, to promote negotiations between Indonesia and Holland on the West Irian issue. It had, however, continued to commit itself blandly to occupancy of eastern New Guinea for "another 20 or 30 years"—the optimistic words of the Minister for Territories, Mr. Paul Hasluck.

Criticising Mr. Hasluck's "complacency", the *Sydney Morning Herald* said: "A highly critical body of native opinion—to use the mildest terms—will grow up in the east if West New Guinea continues to move towards home rule at something like twice the speed of the Australian-administered territory." Elsewhere, India was urging immediate recognition of the right to independence to all non-self governing territories, and there was no certainty in Canberra as to whether New Guinea was included.

The brush between Mr. Menzies and Mr. Nehru at the UN General Assembly was still recent, despite denials subsequently by Mr. Nehru that relations were strained and by Mr. Menzies that his attempted amendment of the five neutralist Powers' move for Eisenhower-Khrushchev talks had harmed contacts with Asia and Africa.

This incident, incidentally, caused sharp division of Australian newspaper and other opinion. It provoked the Opposition in Federal Parliament into criticism of Mr. Menzies for not conferring with all Commonwealth countries before moving his amendment, for having provoked public disagreement among them, and for having "compromised Australia with the new members of the United Nations". Yet when the debate ended, Labour's motion was defeated on the voices, an anti-climax of devastating effect.

Singapore

Grim Economic Prospects

From our Singapore Correspondent

Singapore's Minister for Finance, Dr. Goh Keng Swee, has given a plain warning about the deteriorating economic situation in Singapore. So far, he said, Singapore has depended on its international trade but this trade is not expanding and will certainly not be able to provide jobs for the 10,000 young men coming on to the labour market every year. The only answer—and all political parties seem to agree about this—is industrialization on a grand scale. But Dr. Goh had to admit that there was little sign of this coming about in the near future. Unless industrialization takes place, Dr. Goh predicted the labour situation in Singapore in a few years' time might be the same as that in Hong Kong, where there is a large surplus of unemployed labour which can be hired at any time on terms laid down by employers. The Finance Minister went on to point out that under these conditions the bargaining power of the worker was nil and the very existence of the trade union movement would be threatened. He has been supported in this analysis of the dangers that lie ahead by Mr. Devan Nair, an important member of the TUC Secretariat.

Another member of the TUC Secretariat, Mr. Fong Swee

Suan who is Political Secretary to the Minister for Labour and Law as well as being Secretary (Industrial Disputes) of the TUC, has also expressed his concern over the worsening economic situation but he lays the blame at the door of the Government. Mr. Fong is an ex-detainee with much influence in trade union affairs, who was released from Changi Gaol after the People's Action Party came to power. It now appears that he is biting the hand that fed him. Mr. Fong's disagreement with Government policy only came to light when the Prime Minister (Mr. Lee Kuan Yew) announced with dramatic effect his immediate transfer from the high post he was holding in the Ministry for Labour and Law to a similar post in the Deputy Prime Minister's Office, where, presumably, he can do less harm and be kept under closer scrutiny. At the same time, Mr. Lee made public an exchange of letters between Mr. Fong and himself. Mr. Fong's dissatisfaction with his own Government can conveniently be summarized under three main headings, viz. (i) the Prime Minister himself has criticized trade unions for taking unnecessary strike action thus indirectly encouraging employers to take a stronger line with them; (ii) the present grave unemployment situation—it is as bad as that—also encourages employers to wave the big stick at employees and push them around at will, and (iii) industrial peace with justice has never been clearly defined or understood. Mr. Fong went on to say that in the circumstances he had a duty as a good trade unionist to express certain views that may not be in complete harmony with the Government's policy as no one was certain in their own mind of what the Government's views are.

Mr. Lee, as might be expected, adopted the line that if Mr. Fong was uncertain as to the Government's policy towards labour then it was his duty to seek clarification from his Minister. Mr. Lee said: "I am sorry that after 16 months in the Labour Ministry you have not grasped the essentials of the Government's policy on industrial peace with justice set out in the printed five-year programme, and explained at great length by the Ministers for Finance and Labour and Law." Mr. Fong's answer to this is that the programme and explanations thereof lack a clear definition.

There the matter rests at the moment but what the effect of this squabble will be on the inner workings of the People's Action Party, coming as it does so soon after the Ong Eng Guan disagreement with the Party, remains to be seen.

The latest development in the Ong Eng Guan affair—Mr. Ong is the former Minister for National Development—is that the Prime Minister has now dared Mr. Ong to sue him for calling him "a liar". Mr. Lee issued this challenge when reporters asked him for his reaction to Mr. Ong's refusal to repeat outside the Legislative Assembly allegations he had made against the Prime Minister during his speech on his motion calling for the immediate Malayization of the remaining Europeans in Government service. Mr. Ong, the Prime Minister said, had been "more specific in his lies" this time, and he added that if Mr. Ong took up the challenge the facts could be established in a court "whether he is a liar or I am incompetent and politically corrupt".

Another matter which also has some connection with the inner workings of the People's Action Party is the arrest of nine persons, including known members of the 24 and 08 secret societies—the most dreaded Chinese secret societies in present-day Singapore—for "maintaining a campaign of intimidation and threats" against the PAP Assemblyman for Jurong and other officials of the Jurong PAP Branch. The Assemblyman was threatened with death unless he resigned

his seat in the Assembly. One of the nine men detained was Tan Gak Eng, a former minor officer in the PAP hierarchy, who was dismissed from the PAP last year.

Pakistan

Ayub on Kashmir

From our Pakistan Correspondent

It has been remarked abroad, that the recent speeches of President Ayub on Kashmir smack of bellicosity. Especially, his speech at Muzaffarabad the capital of Azad Kashmir, where he said "Even if it were possible for anybody else to forget, the Pakistan Army would never forget," is taken as an implied threat of resort to arms if the Kashmir problem remains unsolved.

In fact, his speeches have been one of a passionate plea to the Indians to settle the differences equitably and amicably. He has been at pains to explain that if the issue is allowed to remain in a state of animated suspension it could well spell disaster to both the countries.

His speeches were not all for export but for home consumption also. Every Pakistani feels deeply and passionately about Kashmir, and no Government in Pakistan could survive if it were to write it off as a dead loss. President Ayub understands the temper of the nation on that score. And he has in his speeches tried to reassure the people that Kashmir will never be forgotten, but efforts will be continued towards a peaceful settlement.

As a soldier, President Ayub fully realises the dangers and consequences of a military action, which would ruin both the countries and retard their progress by another 50 years. The problems of grinding poverty and of industrial development could only be solved if the vast expenditure spent on arms could be diverted towards the economic advancement of the countries.

And any suggestions that he is using the Kashmir issue to divert the attention of the people from the domestic problems of the nation is untrue in the light of his present achievements. President Ayub enjoys the confidence of the people. He has initiated some bold and necessary reforms. He has given the nation some form of unity and stability. And the nation has made more progress in two years under his regime than it did in the past eleven years. And he feels that if the nation is to move towards greater industrial expansion, the threat of war and fear must be removed. There can be no question about the sincerity of his intentions to achieve peace with India. He has stretched his hand to solve the Indus Water dispute and the border troubles. Nehru's visit to Pakistan—unthinkable a few years ago—is a convincing proof of this sincerity. President Ayub Khan has repeatedly warned that the recent Chinese invasions into Indian Territory poses a threat to the independence of both the countries, and that if India and Pakistan were pitted against each other, it would leave the door right open for Chinese penetration. His desire is to release the pressure from Kashmir so that both the countries could concentrate their attention to the North where the danger is more real than apparent.

This, it is believed here, could only be achieved if the Kashmir issue were solved. It could then pave the way for better and friendlier relation between the two countries, and

they could in time exert their presence on the rapidly changing international scene.

India

Pangs of Congress

From our Indian Correspondent

The Indian political scene was dominated by the All India Congress Committee session at Raipur. It became apparent soon that the Congress is in a state of chaos. Routine resolutions on the Third Plan and foreign affairs were passed without any enthusiasm, as price to retain Mr. Nehru's leadership. But the speeches in support of resolutions from the platform were vague and contradictory.

The real issues facing the party did not find expression in formal discussions or resolutions. Behind the scenes, however, all time was devoted to them without any results. In Uttar Pradesh the issue of Premiership was still left open although the new President of U.P. Congress is not at all popular with the people. He captured the party machine by organisational steamrolling. More serious, nothing was done about the Assam Premier's open rejection of the High Command advice on the language issue. The irreconcilable nature of feuds, mostly based on personal quarrels for power, within the Congress became evident when voting took place for selecting an Elec-

tion Committee to plan the next election campaign. One seat had to be left vacant because there were repeated ties in voting.

The notable event in the Praja Socialist Party was the resignation of its President, Acharya J. B. Kripalani. He is reported to have said that he considered the party's policy against long-term national interests. Attempts were made by some members for bringing back the lost leader of the party, Mr. Jayaprakash Narain.

The Communist Party is in a state of upheaval due to the ideological controversy between the extremists and the supporters of official party line. The West Bengal State Council of the Community Party went to the length of repudiating the Central Executive Committee of the party. Roughly, the rift is between those who support the Russian line on the present world situation and those who support the Chinese thesis. The Indian dispute about border with China also plays an important part in the inner-party controversy.

Reports of fresh activity on the Chinese side of the border are beginning to appear in the Indian press. The visit of U Nu, the Burmese Prime Minister, led to rumours that he had a peace formula for the problem which would involve leasing the territory demanded by the Chinese to them, thus saving the Indian face and *de jure* claim over these areas. All this, combined with the opening of the new session of the Indian Parliament will provide vital propaganda material for the opposition parties. From now on all the parties will gear their policies with an eye on the next general election in 1962.

One curious development is the announcement that India is to purchase helicopters and heavy earth-moving equipment from Russia. It is significant that it has been made clear to Russia that the equipment will be used to strengthen the Indian border. Students of Soviet and Chinese affairs will no doubt draw their own conclusions from this.

In the economic sphere, an important event was the inauguration of the heavy electrical plant in Bhopal by Mr. Nehru. One of the lynchpins of Indian planning in the coming years, the plant is designed to produce equipment worth £22.5 million annually. This will go a long way to save valuable foreign exchange. Two more heavy electrical plants—one in collaboration with Czechoslovakia and the other with the USSR—are also to be set up during the third plan period.

The Government has appointed a committee to decide upon the manufacture of a baby car not costing more than Rs. 5,000 ex-factory price. Three different existing manufacturers of small cars are expected to produce 30,000 units by 1965. The demand, however, is expanding so fast that the new project envisages an initial output of 20,000 units, rising to 50,000 in due course. The Committee have before them six makes to choose from: Volkswagen (Germany), Skoda (Czechoslovakia), DAF (Dutch), Renault Dauphine (French) and Datsun (Japanese).

All the manufacturers are interested in the project. The Renault makers, however, have indicated that they are particularly eager to send their existing plant in France to India at a cheap price.

Bhilai steel plant recorded another step forward when the Prime Minister inaugurated the rail and structural steel mill. Planned for an initial output of one million tons of steel ingots, during the third plan the production is to be increased to 2.5 million tons.

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Recent Books

The Hundred Flowers, edited by RODERICK MACFARQUHAR (Stevens, 42s.).

In the early summer of 1957 Chairman Mao Tse-tung invited a hundred flowers to bloom and a hundred schools to contend. For six weeks the academics, writers, and professional and managerial classes in China were given freedom to criticise his regime. But instead of the well-intentioned criticism that Mao had invited, to be expressed as gently as "a breeze or mild rain", the Chinese responded by releasing a torrent of criticism which attacked the very foundations of Communist power. The rectification campaign, as it was called by the Party leaders, had to be brought to an abrupt end. But the six weeks of liberalism provided a unique opportunity of discovering what the people thought of the regime.

Mr. MacFarquhar has carefully gone through the Chinese press of this period, and has assembled a collection of quotations and criticisms from it. He had divided the material under various heads: the press, scholars, doctors, students, writers and artists, business men, civil servants, democratic parties, national minorities, and so on, and provided useful background information on each group. Perhaps the most revealing section is that on the students and young people who had been brought up under Communism and favoured by it. Many of them were even members of the Party, and the extent of criticism from them must have given the regime its greatest shock.

In a penetrating introduction, Mr. MacFarquhar tries to answer the question: why did Mao do it? He does not believe that Mao was deliberately setting a trap for his enemies; it was rather that his belief in the fundamental unity of the Chinese people led him to be falsely optimistic about the regime's popularity. He describes very well the difficulty of allowing limited criticism in a totalitarian state, which was at the heart of Mao's dilemma. In an epilogue Mr. Geoffrey Hudson discusses the Chinese situation against the wider perspective of the Communist "thaw" of that period.

To the East a Phoenix by NIGEL CAMERON (Hutchinson 30s.).

Nigel Cameron's previous book "The Chinese Smile" established him as one of the more perceptive and sympathetic travel writers. The present volume is in the same strain. Although he had already experienced the impact of the East he wanted to renew the delight and excitement it had aroused in him. His 18 months of journeying took him from Hadramaut through India, Ceylon and Borneo to Bangkok and Hong Kong. There is something likeable about his enthusiasm and his eagerness to see and experience for himself the tempo of life in mud hut villages, the crowded Klongs of Bangkok or the tenements of Hong Kong.

Two Chinese Poets by E. R. HUGHES (Princeton University Press; London: Oxford University Press, 48s.).

The poets of the title are Pan Ku (A.D. 32-92) and Chang Heng (A.D. 78-139) and in their works they left what Mr. Hughes has described as vignettes—sketches of manner, character and thought, which reflect the times in which the two writers lived. The vignettes are classified as *fu* and are a literary form combining poetry and prose. The two sets translated here were composed within 20 or 30 years of each other and they throw light on the contrast between the Former Han and the Later Han dynasties. By means of direct translation, and summarising and paraphrasing where necessary, Mr. Hughes has conveyed the authors' dominant aim in depicting matters of contemporary interest.

The Sufi Message of Hazrat Inayat Khan, Vol. 2 (Barrie & Rockliff, 32s. 6d.).

Hazrat Inayat Khan was formerly a musician of repute before he renounced it to become a spiritual teacher. In this volume most of his concepts concerning the place of music and sound in spiritual life are grouped together. The law of harmony is the basis of his philosophy—harmony with oneself and with others.

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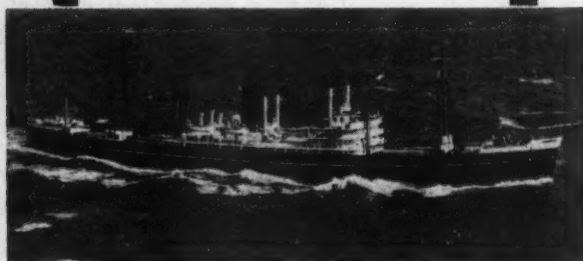
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Kaigetsudo (Distributed by MARK PATERSON for CHARLES E. TUTTLE COMPANY, 10s. 6d.).

The Kaigetsudo—a school of painters which flourished some 250 years ago in the Old Edo district of Tokyo—is hardly known today for its paintings but rather for its wood block prints. Yet almost the entire output of the Kaigetsudo school is in the form of paintings—mostly heavy water colours on strong Japanese paper. The subjects were almost always the courtesans of the Yoshiwara and could almost be called the “pin-up” portraits of that period, although these portraits depict the beauties of the day in an idealised timeless form, whose subtlety and delicacy can be appreciated even today. In the hands of one of the Kaigetsudo masters, such as Ando, the individual courtesan becomes more than a magnificently robed doll-like creature but a human personality, depicted in cool, clear lines contrasting with the rich pattern of the kimono. This is an excellent introduction to the work of these little known artists and the illustrations are numerous and well-chosen.

The Wisdom of Buddhism edited by CHRISTMAS HUMPHREYS (Michael Joseph, 21s.).

Buddhism is unique in that its scriptures have no dogmatic authority. There is no Buddhist “Bible”—and no absolute definition of truth. The Scriptures are a vast collection of writings which have grown during the last fifteen hundred years with the establishment of Buddhism outside the land of its birth. Although these Scriptures are in many languages, they have in common the basis of teaching, translated as the Four Noble Truths. The rest is the Middle Way—the working out of individual salvation and treading the path to supreme Enlightenment.

This anthology contains Indian, Tibetan, Chinese and Japanese schools of thought, with emphasis on the Zen school, which Mr. Humphreys feels has been somewhat neglected in previous collections of Buddhist writings.

Zen Buddhism and Psychoanalysis by ERICH FROMM, D. T. SUZUKI and RICHARD DE MARTINO (Allen & Unwin, 16s.).

A well-known psychoanalyst, Dr. Fromm, joins forces with Dr. Suzuki, the leading authority on Zen, to show how both approaches to the human condition are based on the practical application of the two different disciplines. A third writer, Dr. de Martino, described as a “student and practitioner” of both Zen and psychoanalysis attempts a synthesis of the two. The arguments presuppose a basic knowledge of both subjects on the part of the reader and a thoughtful reader interested in the problem of mankind will find them a worthwhile guide to an understanding of Zen.

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Economics and Trade

UK-JAPAN TRADE

THE ECONOMIC EDITOR

THE stumbling block in the development of trade between the United Kingdom and Japan is the invocation by Britain of GATT paragraph 35 (the application of which allows the UK to discriminate against imports from Japan), and this question is raised by Japanese officials and businessmen at every opportunity. British industrialists and exporters also criticize the existing situation which they feel curtails their opportunities to sell to Japan. Several of them have expressed the opinion to EASTERN WORLD that the UK Government should withdraw the invocation of paragraph 35 and come to a negotiated agreement with the Japanese Government on voluntary limitations of Japanese exports of certain goods to Britain. In this context the "neuralgic" goods are textiles, pottery, some transistorised products, and to a certain degree cameras.

On the other hand, it is noteworthy that Britain has an unfavourable trade balance in her trade with Japan, and while during the first nine months of 1960, UK imports from Japan registered a small increase as against the corresponding period of 1959, UK exports to Japan have decreased considerably during the same period.*

The following table shows the development of UK-Japan trade during the last three years:

	1958	1959	1960
	first nine months of year		
UK imports from Japan	22.5	29.2	29.8
UK exports to Japan	14.5	24.8	19.5
UK re-exports to Japan	0.6	0.7	1.0
(all figures in million £)			

The decrease of UK exports to Japan in 1960 was mainly due to the fact that exports of iron and steel scrap which were valued at £5.5 million during the first nine months of 1959 dropped to less than £30,000 during the corresponding period of 1960. It must be added, however, that scrap is a comparatively irregular item in foreign trade and is subject to strong fluctuations (UK global exports of these goods dropped from £12 million to £2.7 million during these periods).

The second major item which registered a decrease was wool and other animal hair and tops. These exports fell to £2.6 million during the first nine months of 1960 from £4.5 million during the corresponding period of 1959 (but exports of wool and hair yarn and woollen and worsted woven fabrics increased from £2.3 million to £2.6 million during these periods). There was also a decrease in exports of iron and steel by nearly £1 million to £1.2 million during the first nine months of 1960.

Among the goods showing an increase in exports was machinery (other than electric) by £1.6 million to £4.3 million during the first nine months of 1960, including aero-engine parts, agricultural tractors, office machinery, machine tools, textile machinery, etc. (however, these 1960 exports accounted still for less than one per cent of UK global exports of these goods). Exports of electrical machinery; apparatus and appliances remained at approxi-

mately the same level of £0.6 million, while exports of road vehicles grew by £70,000 to £641,000, and those of scientific instruments and optical goods (including telescopes) show an increase by over £200,000 to £472,000.

The expanding Japanese market offers a considerable scope for capital goods, but at present the supplies from the UK account only for a small proportion of Japanese overall imports. It is estimated that in the field of machinery and transport equipment Japan's total imports were valued at nearly £127 million in 1959 and included imports from the UK amounting to £5.1 million or about 4 per cent of the global imports of these goods.

During the first nine months of 1960, UK exports to Japan also included chemicals (£0.7 million) and whisky (£0.5 million)—showing small increases, as well as platinum (£0.9 million) and non-ferrous metals (£0.1 million)—showing small decreases compared with the corresponding period of 1959.

Imports from Japan

During the first nine months of 1960 UK main imports from Japan included frozen and canned fish to the value of £9.8 million, canned and bottled fruit—£4.3 million, sawn wood (mainly oak)—£1.6 million, unrefined oil—£2.7 million (this figure refers to the first six months of 1960), plywood—£2.4 million (as against £1.9 million during the corresponding period of last year), woven cotton fabrics—£2.2 million (as against £1.7 million during the first nine months of 1959), chemicals—£1.0 million, silk—£0.6 million.

There was also some small importation of tea, spices, bristles, canes and rattan, paraffin wax, earthenware and stone ware, china and porcelain, ferro-alloys, electronic valves, cameras, machinery, toys, etc.

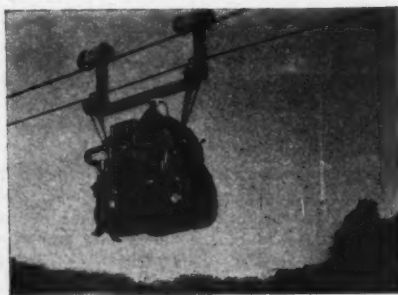
Technological Cooperation with Japanese Manufacturers

An important aspect of business relations with Japan are "technological assistance contracts" concluded between firms of various countries and Japanese manufacturers on the supply, i.e. sale of "know-how" to Japanese partners. After the war the Japanese authorities promulgated a "Law Concerning Foreign Investment" to attract the required foreign capital and technologies as one of its major programmes for the nation's economic rehabilitation. This Law, which was enacted in May 1950, has paved the way for the induction of foreign investment in Japan. The recently published *Guide to Foreign Investment in Japan* (issued by the Foreign Capital Research Society, Tokyo) stated that by the end of October 1959, the number of technological contracts concluded amounted to 987. Most of these contracts, namely 648, were concluded with United States firms, followed by 77 contracts with Swiss firms, 66 with German firms, 32 with French, 31 with Dutch, 29 with UK, 24 with Italian, 23 with Canadian, 18 with Swedish firms, etc. During the last year about 160 further contracts of this type were concluded, but again the number of contracts with UK firms was very low, although these agreements provide opportunities in earnings, and in some cases lead to increased exports too.

*UK statistics refer in the case of imports to c.i.f. values, in the case of exports to f.o.b. values—which explains the discrepancy of values when compared with the Japanese statistics.

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The above-mentioned *Guide to Foreign Investment* contains also information on "validated acquisition of stock and proprietary interest—with participation in management", and states that by the end of October 1959 there were 208 cases of such acquisition with the paid amount of US\$52.3 million. The classification of foreign investors by nationalities shows that the US was leading with 148 cases (US\$40.6 million), followed by Britain—27 cases (US\$5.5 million), Canada—4 cases (US\$2.1 million), and Germany—9 cases (US\$1.9 million).

Prospects

There is a growing interest among UK manufacturers in the Japanese market, particularly as the favourable financial position of Japan, the liberalisation of Japan's import policy (by placing more goods on the global import licence list) have created a bigger scope for British exports to Japan. A recent issue of the UK Treasury's *Bulletin for Industry* emphasised that the record growth of Japanese economy provided increased opportunities for exports to Japan, particularly in the case of engineering goods and chemicals. It appears that, provided goodwill on both sides and more efforts on the part of individual manufacturers and traders in both countries are shown, the trade and other economic relations between Britain and Japan could develop and benefit the economy of both countries.

Industrialists speak . . .

COOPERATION WITH JAPAN

MR. ROBERT TILNEY, Chairman of Sale Tilney & Co. Ltd., London, a firm which has been active in Japan for over 75 years, said in an exclusive interview with *EASTERN WORLD*:

"At first sight the question of China may seem to be the particular problem of the Far East, and consequently of special importance to Japan. I think that the best informed Japanese commercial interests are sceptical about the potential in trade with China until there is some easement in the political field which may only be brought about by US initiative. It is probable that, as long as the United States maintain the policy of isolating China, Japan will not be able to exploit the potential in her trade relations with China, such as it may be. A new relationship between the United States and China would have widespread results in easing tension not only in the Far East but throughout the world.

"The most important aspect of relationship between Japan and the West is the seeming exclusion in the mind of political circles of the West of the only other highly industrialised country—Japan—which shares with very little differences the political views of the West. If the West is to remain viable politically and economically in opposition to the Communist world, the West must make the greatest possible use of utilising its existing resources in the fields of raw materials, capital equipment and advanced technology. The task is to accumulate capital rapidly so that resources may be available for the uncommitted and underdeveloped countries of Asia, Africa and South America which urgently require assistance for their political and economic development. In this respect, I do not think that Japan should be ignored as an actual and potential contributor.

"Japan's rate of industrial growth since the war has been higher than that of any other country in the world. It is a phenomenal story of dynamic energy by a severely handicapped people, Japan being more dependent on imported raw materials for her industries than other industrialised countries. These dynamic energies, together with Japan's long experience in international trade, would be of greatest assistance to the West in sharing the burden of the future.

"I believe that alterations in terms of time and space in the world demand close international association between like-thinking nations. Only by helping each other shall we be able to carry the burden of providing an effective alternative to totalitarian Communism."

MACHINE TOOLS FOR JAPAN

MR. DOUGLAS E. GRAHAM, Managing Director of James Archdale & Co., and Chairman of the Council of the Institute of Export, told *EASTERN WORLD* that Archdale have supplied an 8-ft. radial drilling machine to Japan recently and an 11-ft. radial drilling machine was on the way to Japan now. An Archdale engineer is going to install this machine and introduce it to the technicians employed by Archdale's agents in Japan. Mr. Graham stressed the importance of the technical service which overseas agents should be able to prove to their clients. Several engineers of their Japanese agents, Ishikawa Yoshinto Kogyo Kabushiki Kaisha of Osaka, had a course in Archdale machines at Worcester as well as in Richards machines at George Richards & Co. works at Broadheath, Manchester (another member of the Staveley Coal & Iron Ltd.—Group of Companies). Archdale have also supplied to Japan several twist drill point grinding machines, and Mr. Graham feels, that there should be a growing market for machine tools of the Staveley Group in Japan.

West Germany's Trade Success in Asia

IN 1960 West German trade with South-East Asia and the Far East continued to expand. As a result of the West German boom and a certain liberalisation of the country's import policy, Western Germany's imports from that area have increased. Her exports to most countries of that area have also grown, and she had a strong favourable trade balance with those countries.

In the case of India, Germany's biggest trading partner in Asia, German exports show a decrease by about 18 per cent during the first seven months of 1960 as against the corresponding period of 1959 (as a result of India's shortage of foreign exchange and the ensued restrictions in import licences). But even with reduced exports to that market Germany delivered goods to India to nearly fivefold the value of goods imported from India. Germany's imports from China increased considerably in 1960 while her exports to that country remained at the same level as in 1959. The high level of exports to China is accounted for by deliveries of various metals (goods for which new orders have been secured) and by supplies of machines which have been ordered over a year ago. Machinery manufacturers have expressed their disappointment that, despite the fact that they have shown great interest in the Chinese market, no big orders have been forthcoming from China lately (which applies to most West European countries).

Germany's trade with Japan increased in both directions, and German businessmen expect this trend to continue because of the favourable economic conditions in both countries. In addition to direct trade a number of German manufacturers have signed licensing agreements for production of their goods in Japan which work very satisfactory. At present—when the expansion of production in a number of cases in Germany is hampered by shortage of labour—more manufacturers are considering to come to similar arrangements with Japanese firms.

West German	Imports		Exports	
	1960	1959 first seven months of year	1960	1959
Afghanistan ...	30.7	29.7	12.2	8.0
China ...	212.8	153.0	281.6	283.4
Formosa ...	9.4	9.3	25.8	25.7
Hong Kong ...	51.9	34.5	79.5	57.6
Japan ...	156.3	122.9	279.9	220.8
North Korea ...	4.7	—	1.9	0.8
South Korea ...	2.8	0.4	118.9	56.0
Mongolian Republic	0.7	—	—	—
Philippines ...	122.0	61.3	71.0	54.8
Thailand ...	63.8	27.9	58.6	59.1
North Vietnam ...	0.4	0.3	0.3	1.5
South Vietnam ...	22.9	18.5	27.6	25.1
Burma ...	21.8	15.0	26.6	13.8
Ceylon ...	39.1	41.7	42.6	33.7
India ...	108.3	103.0	489.0	593.3
Pakistan ...	60.4	52.9	146.5	94.2
Malaya ...	223.9	116.7	52.8	39.6
Singapore ...	5.2	7.6	34.0	29.8
Indonesia ...	119.4	116.8	124.2	100.8
Cambodia ...	1.9	0.9	9.7	1.8
Laos ...	—	—	1.1	0.6

(all figures in DM million, and refer to countries of origin and countries of destination respectively)

German Machine Tools for Asia

With the increasing requirements for machine tools in connection with the industrialisation of developing countries, and in the case of Japan of retooling of industrial plants, the West German machine tool industry finds an important outlet for her products

in Asia. During the first half of 1960 exports of metalcutting machines to that area amounted to DM 61.8 million (over £5 million) and accounted for 20 per cent of German global exports of these machines. The main markets of that region were Japan—DM 30.6 million, China—DM 19.9 million, India—DM 6.0 million, while smaller exports went to Burma, Pakistan, South Korea, Philippines and other countries. In addition, exports of metalforming machines amounted to over DM 13 million (over £1 million) and accounted for over 10 per cent of German global exports of these machines during the first six months of 1960, the main markets being India—DM 4.4 million, China—DM 3.7 million, and Japan—DM 3.5 million.

Obstacles to Bigger Imports from Asia

Asian countries in their endeavour to improve their unfavourable trade balance with West Germany by increasing their exports have established export promotion offices there. But while Germany has been pursuing a policy of a certain liberalisation in respect to imports, the very high import duties still existing on some goods are hampering the increase of imports of certain goods from Asian countries to Germany. Despite many requests for lowering the very high import duty on imports of tea (including requests by German industrialists), the German authorities have not agreed to lower the duty, even though no threat to German agriculture would arise by higher imports as there are no tea plantations in Germany. Even from the point of fiscal revenue it can be assumed that lower prices of tea (resulting from reduction of import duty) would lead to a higher consumption and, therefore, the total revenue would not suffer any significant losses.

During the first six months of 1960 West Germany imported 3,357 tons of tea valued at DM 20 million, the main suppliers being India—1,284 tons, Ceylon—724 tons, Indonesia—862 tons, and smaller quantities coming from Formosa, China, Japan, etc.

Japanese Firms at "Photokina"

At the recent International Photographic and Cinematographic Exhibition in Cologne 16 Japanese firms exhibited their goods (the total number of foreign exhibitors was 199) as against 11 at the previous exhibition in 1958. During the first six months of 1960 West German imports of photographic cameras and parts from Japan were valued at about DM 750,000 and German exports of these goods to Japan—about DM 370,000. German imports of cinematographic apparatus from Japan amounted to DM 3.3 million, and German exports to Japan—DM 0.4 million. In the case of electronic and other microscopes (including those for microphotography) West Germany exported to Japan 63 units valued at DM 0.6 million, while German imports from Japan consisted of 552 units valued at DM 0.5 million.

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PAKISTAN SECOND FIVE-YEAR PLAN

ANWAR IQBAL QURESHI

PAKISTAN'S Second Five-Year Plan came into force on July 1, 1960. On June 21, 1960, the Economic Council of the Government of Pakistan accorded its general approval to the objectives, principles, and programmes of development contained in the Second Five-Year Plan. The Council further decided that no major departure from the Plan should be made without the approval of the Economic Committee of the Cabinet and, in matters of Fundamental importance, without the approval of the Economic Council.

It may be noted that no doctrinaire assumptions underlie the Plan, and neither an exclusively capitalist nor an exclusively socialist economy is postulated. The approach throughout is pragmatic. The fundamental problem is how, under severely limiting conditions, to find some way towards the liberation of the people from the crushing burden of poverty. Viewed in this context, economic growth becomes a necessity for sheer survival. The compelling consideration is that the economy must grow at a rate which must be faster than the increase in population; also, the pace of future growth must be such as to lead with expedition towards a modernized and self-sustaining economy. The awakening aspirations of the people are exerting strong pressures on the existing economic and social order; and no underdeveloped country today can afford to fall behind in the race for progress without incurring the very grave risk of internal disruption or external intrusion. Progress must, however, be sought mainly through inducement, less through direction. The creative energies of the people can be best harnessed to the needs of development if policies of economic liberalism are pursued.

Specifically, three dominant strains run through the Plan: (1) The stubborn problem of agricultural production, low productivity and inability of the country to feed itself, is to be attacked vigorously; the aim is to achieve a break-through in agriculture. Although this objective will strain the organizational ability of the country to the utmost, its achievement should be within the range of possibility if energetic and sustained efforts are made. (2) The aim is to push ahead with industrial development by encouraging private enterprise in all practicable ways and by freeing the economy from superfluous restraints. Controls which have a strangulating effect on private initiative will need to be relaxed, and replaced progressively by fiscal and monetary measures and operation of the market mechanism. (3) Education at all levels is to be expanded and advanced as fast as the required institutions and personnel can be provided.

SIZE OF THE PLAN

After taking into account the objectives and strategy of the Plan, the availability of resources and the problems of technical and administrative feasibility, the programme included in the Second Plan is estimated to cost Rs.19,000 million. Of this amount Rs.9,750 million will be in the public sector, Rs.3,250 million in the semi-public sector, and Rs.6,000 million in the private sector.

The breakdown of the Plan development programme by major sectors is shown in the following table:

	Public sector	Semi-public sector	Private sector	Total
		Contribution from Government	From own resources, private investment and loans	
Agriculture ...	1,660	—	880	2,540
Water and Power ...	3,140	—	190	3,390
Industry ...	125	1,045	500	4,050
Fuels & Minerals ...	125	175	—	850
Transport and Communications ...	1,990	110	420	3,350
Housing and Settlements ...	895	420	390	2,840
Education and Training ...	890	—	—	990
Health ...	350	—	—	400
Manpower and Social Service ...	95	—	—	110
Village Aid ...	480	—	—	480
Total	9,750	1,750	1,500	6,000

(Million Rupees)

FINANCING OF THE PLAN

It is proposed to finance the Plan as follows:

Sources	Uses
Domestic savings ...	Public sector ...
Foreign aid, loans and investments ...	Semi-public sector (public corporations) ...
	Private sector ...
Total	Total

(Million Rupees)

PUBLIC SECTOR

The public sector is expected to mobilize Rs.11,500 million of resources. Of this, Rs.9,750 million will be needed by the public sector programme, and Rs.1,750 million will be transferred to the semi-public sector. These resources are expected to be mobilized by adoption of the means described below:

Sources	
Surplus on revenue account ...	800
Capital receipts ...	1,500
Counterpart funds ...	2,500
Customs on commodity aid ...	500
Foreign aid and loans ...	4,000
Resources of local bodies ...	200
Additional taxation ...	1,000
Deficit financing ...	1,000
Total	11,500

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Uses

Public sector own development programme ...	9,750
Loans to the semi-public sector (public corporations)	1,750
Total ...	11,500

(Million Rupees)

SEMI-PUBLIC SECTOR

The semi-public sector consists of government-sponsored corporations which draw their finances both from the public and private sectors. The decision-making power of the corporations rests with a board of directors which combine representation from the Government and from private enterprise. These corporations have been set up to supplement and encourage private enterprise, not to replace it. The criteria guiding their policy must be much broader than considerations of private profitability, but this does not mean that the corporations should not be run on commercial lines. There has been a tendency in the past for some of the corporations to rely on large government loans or substantial subsidies, rather than to contribute to capital formation in the economy. It is essential that the commercial nature of the corporations be greatly emphasised and their future policies be so framed as to promote maximum efficiency and growth.

It is estimated that the corporations will undertake a total investment programme of Rs. 3,250 million. Of this, the Government is expected to contribute Rs. 1,750 million through loans and grants.

PRIVATE SECTOR

An investment of Rs. 6,000 million is expected in the private sector during the Plan period. It will be financed mainly by private savings and foreign private investment, and partly by commercial banks and government finance corporations, as indicated below:

Sector	Plan allocation	Sources of finance					
		Government loans	Foreign Loans and investment	Self Financing	Loans from commercial banks	Loans from specialised credit institutions	Stock exchange
Agriculture	880	100	—	380	50	350	—
Industry, fuels and minerals							
Large-scale industry ...	2,130	—	700	900	230	—	300
Small-scale industry ...	250	—	—	200	50	—	—
Fuels and minerals ...	550	—	330	140	20	60	—
Transport and communications							
Shipping	103	—	20	83	—	—	—
Inland water transport ...	95	—	50	5	—	40	—
Road Transport ...	520	—	—	480	40	—	—
Tourism	111	—	—	61	50	—	—
Housing and settlements ...	1,135	—	—	935	—	200	—
Other sectors	226	—	—	166	60	—	—
<i>Total ...</i>	6,000	100	1,100	3,350	500	650	300
<i>(Million Rupees)</i>							

(Million Rupees)

FISCAL AND MONETARY POLICY

Appropriate economic policies must be pursued if the Plan is to be fully implemented. It is intended to move away from an extensive use of direct controls, which has tended to retard the pace of development, and to rely mainly on fiscal and monetary measures to regulate the economy. Fiscal measures can exert a powerful influence on the pattern of production, consumption, investment, saving and international trade. They can also be used to control possible inflationary pressures and to mobilize resources for development by augmenting government revenues.

Fiscal measures will be most effective if they are accompanied by suitable monetary policies. An inflationary situation is likely to call both for increased taxation and greater stringency in making credit available. High levels of taxation, needed to raise resources for development, may properly be accompanied by high



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rates of interest to encourage saving and the economical use of capital. And policies designed to encourage capital formation may depend for their execution on the development of financial institutions and on arrangements to provide finance through the capital market and the banking system.

FISCAL AND MONETARY CONTROLS

The Plan proposes a decisive move towards a more liberal economy, and a bold switch-over from direct controls to a policy of regulation of the economy through suitable fiscal and monetary controls. Direct controls have so far been the chief instrument of economic planning. There is a multiplicity of such controls on capital issues, prices, profits, imports, exports and distribution of certain goods and commodities. These controls are not only inefficient in many cases; they have also placed an additional

burden on the scarce administrative talent of the country, which could be better employed on development.

No government can entirely dispense with controls; this is particularly true where resources are extremely scarce and must be used most effectively. Several controls must, therefore, remain, but must be reviewed constantly.

OBJECT OF THE PLAN

The Second Plan aims at increasing national income by 20 per cent. In view of the anticipated increase in population of about 9 per cent, this will mean an increase of about 10 per cent in *per capita* income. If a self-generating economy is to be achieved within a reasonable time, the proposed increase in national income is the minimum required during the Second Plan period.

The highest priority is attached to increasing agricultural production. It is stipulated that the present gap in food supply should be closed and food-grains production raised to the level of self-sufficiency. This will require a major effort. Effective agricultural programmes and administrative policies to execute the programmes will have to be devised; increased provision and utilization of fertilizers, pesticides and other aids to agriculture will have to be undertaken; consumption will have to be held at a reasonable level; and about 9.5 million acres of land will have to be provided with new or improved irrigation, drainage, flood control or reclamation facilities. An overall increase of 14 per cent in agricultural output is projected.

A substantial increase is proposed in industrial production: the value added in production is projected to rise by 60 per cent in large- and medium-scale industry, and by 25 per cent in cottage and small-scale industry. Provision is made for optimum utilization of existing capacity and substantial additional investments for its balancing and modernization. New capacity is to be established where it demonstrably and substantially earns or saves foreign exchange or is based in the main on the use of indigenous raw materials. Basic industries are to be encouraged where economically feasible. Special emphasis is placed on the development of small-scale industries, both because of their intrinsic merits and because of their employment potential. In particular, those major industries are to be encouraged which stimulate agricultural development or which support small-scale industries. Private investment in industry is to be given maximum encouragement.

Increases in agricultural and industrial production will require further development of water and power resources, transportation, and communications. In particular, it is necessary that transport keep abreast of increasing development requirements. Large investments will be needed for the rapid completion of on-going projects as well as for undertaking selected new schemes. The Plan aims at ensuring that deficiencies in these basic services do not jeopardize achievement of production and income targets.

The Plan aims at narrowing the present gap between foreign exchange earnings and the essential non-development import requirements of the country. The attainment of this objective will require much effort. In particular, agricultural and industrial output will have to be stepped up with a view to increasing the production of exportable goods and of import substitutes. Improvement in the balance of payments position has been the principal consideration in determining the various production targets set in the Plan.

The development of human resources suffered much neglect during the First Plan period. Measures are suggested in the Second Plan to make up some of the deficiencies. Education is accorded a high priority. Institutional facilities are to be expanded, and emphasis laid on technical and vocational education, particularly to meet requirements of the Plan. A nationally coordinated programme for the training and use of manpower is to be undertaken. Health and social service facilities are to be reorganized and expanded. Consideration is also given to improvement in the living and working conditions of the workers, and to provision of a measure of social security. Housing facilities,

particularly for lower-income groups, are to be extended, although it will not be possible to eliminate the housing shortage in the near future. Finally, a provision is made in the Plan for organizing a programme of family planning. Hitherto, the fruits of economic development have been almost completely absorbed in maintaining an increasing population. The present menacing growth of population must be arrested.

New Technical Aid For Developing Countries

THE young industrial countries have the advantage that in the process of industrialisation they can utilize the technological experience of older industrial countries, and in this way to a large extent accelerate the pace of their economic development.

The new steel plants in India are striking examples of the most modern design and of latest technological achievements, and compare very favourably with a number of plants which have been built some years ago and are still in operation in highly-developed countries. Nowhere, however, the entire industrial scene presents a uniform picture, and many different methods are to be applied to carry out industrialisation in the quickest and most efficient way.

A Swedish banker, Mr. H. Langenskiöld, with good experience in Peru has set up recently a non-profit association—The Industrial Coordination Bureau (ICB)—with the head-office in Geneva, which aims at stimulating the establishment and growth of small- and medium-sized industries in developing countries throughout the world. ICB intends to achieve this purpose by acting as a contact and clearing house between organisations in industrial countries which can provide technical experience and new or used industrial equipment and those interests in developing countries which wish to establish industries but lack practical knowledge and necessary contacts abroad.

The scheme has received the blessing of the UN Secretariat, and the Svenska Handelsbank as well as a Bank in Peru have expressed their approval for this international project. It appears that the merits and great advantages of this new scheme lie mainly in the field of local small-scale factories for the supply of their local markets. A complete new or second-hand plant in good conditions for the acquisition of which a comparatively small outlay of foreign exchange would be required and favourable credit conditions could be arranged would still perform a very useful function for the supply of some local markets. There is a possibility that for such schemes local capital could be mobilised, which is otherwise not available for industrialisation purposes. In some cases such machinery and the establishing of small-scale industries would also assist in training workers in industrial skills, and in this way be of great help in the economic development of these countries. But it would be advisable that technicians should have the opportunity to work for some time at the plant in the western country, and take part in the dismantling of the plant before the machinery is shipped to their country, and thus acquire the necessary skills to operate the plant and if necessary to carry out repairs.

South Vietnam Reactor

According to *Asian News Feature Service*, Karachi, the South Vietnamese Government is installing an atomic reactor at Da Lat, a mountain resort 300 km. west of Saigon. The reactor, to be completed by the end of this year, will be manned by South Vietnamese scientists. Professor Bui Hoi, Director-General of Atomic Research of South Vietnam, said that his country was fairly advanced in atomic research and that it had sufficient scientists, trained in the West, who were capable of carrying out the work.



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French Trade with the Far East

FRANCE has a strong favourable trade balance with India, China, Hong Kong and Japan, and the following table shows that in 1960 there was an upward trend in trade between France and these countries.

	1959		1960	
	the whole year		first seven months	
	imports	exports	imports	exports
India ...	11,076	20,368	7,918	14,182
China ...	7,996	19,660	6,137	13,849
Hong Kong	523	3,133	518	2,479
Japan ...	4,804	10,300	4,604	7,926

(all figures in million old Fr. Frs.)

In the case of Japan a "provisional" trade agreement which was signed in November 1957 has been extended since every six months and recently to March 31, 1961. It is expected, that negotiations for a new trade agreement will begin early 1961, and that the French decision to increase certain quotas on Japanese imports and to extend a large number of products duties applicable to the most-favoured nations may make the negotiations easier this time. Goods for which import quotas have now been established, include some textiles of man-made fibres and unbleached cotton

fabrics. However, many industrial goods including products of electronic industry, which Japan is particularly anxious to export to France and to countries of the French Community, are still subject to the maximum import duty tariffs. According to well-informed French circles an increase of 15-20 per cent in French imports from Japan is to be expected during 1961.

Several French industrial firms have concluded "know-how" agreements with Japanese manufacturers (by the end of October 1959 the number of these technological assistance contracts was 32), amongst them a recent one in the electronic field between Société d'Electronique et d'Automatisme and the Yasukawa Electric Company of Tokyo.

Other recent agreements include arrangements in the chemical industry, e.g. Kuhlmann with Asahi (manufacture of nitric acid), Rhone-Poulenc with Kurashiki (vinylon); in the metallurgical field, e.g. Pechiney with Asahi (magnesium), Pechiney with Sumitomo (aluminium) and others.

The prospects for French exports to India are considered to be good, and many contracts have been placed with various French industrial firms this year. Whether further contracts will be placed on a large scale will depend to a great extent on French willingness to grant new credits to India.

French businessmen who went to the Canton Fair have signed some contracts there. No figures on the value of these contracts were revealed, but it is likely that the value of contracts on French deliveries to China was around the £1.5 million mark, while the contracts for Chinese deliveries to France was probably to the value of around £0.5 million. Since the Canton Fair negotiations have been going on for delivery of various capital goods by French manufacturers to China.

Machine Tools

In 1960 the French machine tool industry continued to find good outlets for their products in the Far East. In the case of Japan and China, vertical boring mills of over 25 tons were among the main types of machine tools exported to these markets (planing machines of over 10 tons were also exported to Japan). The increased exports to India consisted mainly of various types of lathes, while French exports to Australia included boring mills, automatic lathes and milling machines of various types. Some French machine tool manufacturers have licence agreements with Japanese factories (e.g. Shoun Machine Tool Company of Osaka builds Shoun-Cazeneuve lathes).

The achievements of some French machine tool manufacturers can be seen from the recent Annual Report of Régie Nationale des Usines Renault which said that the Machine Tool Division of this enterprise "achieved the aims which it had been set at the time of its foundation, and in 1959 doubled its turnover, particularly in the field of export sales the value of which increased fivefold". The Report also refers to the establishment by Renault, in conjunction with several other French organisations, of the Société d'Etudes et de Réalisations Industrielles—Renault Engineering—which is to put at the disposal of French and overseas industries the Corporation's experience in the field of design and construction of industrial units. It is also understood that Berthiez have recently extended their patent agreement with a firm of Japanese machine tool manufacturers.

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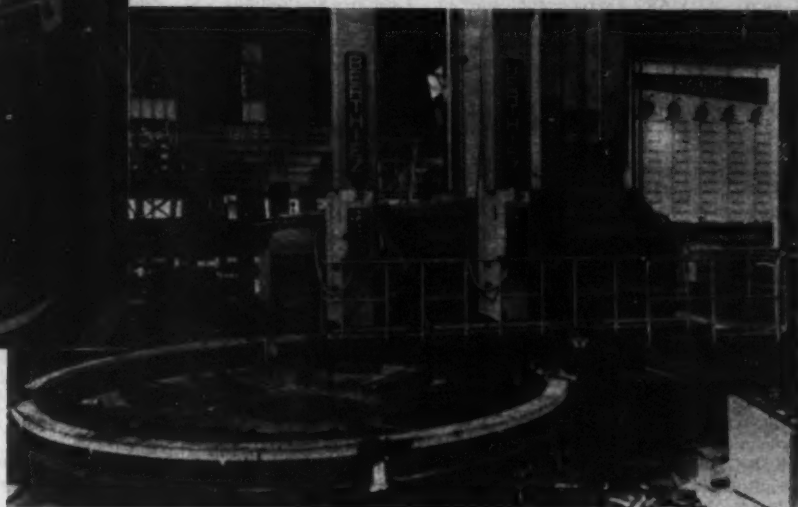
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SOVIET AID TO UNDERDEVELOPED COUNTRIES

DURING the period between January 1953 and June 1960 the Soviet Union's financial aid to underdeveloped countries amounted to US \$2,470 million and two-thirds of this global figure went to Asian countries according to the recent study by K. Billerbeck *Soviet Bloc Foreign Aid to the Underdeveloped Countries* (Hamburg Archives of World Economy, Hamburg, September 1960). These figures neither include Soviet aid to China, North Korea, North Vietnam and countries of East Europe, nor do they include military aid. Within Asia the distribution by countries was as follows: India—677.3 million; Indonesia—376.3 million; Afghanistan—205 million; Iraq—137.5 million; Northern Region of UAR (Syria)—168 million; Ceylon—30 million; Burma—20 million; Nepal—6.4 million; Cambodia—6 million; and Yemen—41 million US \$.

In addition to Soviet financial aid, Asian countries received financial aid from China—US \$139.1 million; from Czechoslovakia—US \$158.6 million; from Poland—US \$75.6 million; from Rumania—US \$12.1 million and from East Germany—US \$10 million.

Mr. Billerbeck makes the following major qualifications: These figures have been converted at the Soviet official exchange rate of 4 roubles to 1 US \$, while he estimates that in terms of purchasing power a more realistic exchange rate would be 6 roubles to 1 US \$ (applying the 6 to 1 ratio, the figures would have to be reduced by one-third); contrary to the practice and statistics of western countries, it was not possible to give a break-down of the Soviet financial aid into the three categories, namely of aid delivered, committed, or merely offered "although such an analysis would really be the first proper step towards assessing the true value of Soviet Bloc aid", and the above-mentioned figures comprise all three categories, and give, therefore an inflated picture of Soviet aid. On the basis of various calculations the Study makes a "cautious estimate" that, in fact, only US \$500-600 million of the Soviet bloc aid have so far been utilised during this seven-year period which equals about one quarter to one third of the effective aid given by the United States in the single year of 1958. (This amounted to nearly US \$2,000 million, of which about three-quarters were given freely as grants.) It also refers to the fact, that during a single year—1958-59—the International Bank for Reconstruction and Development granted loans to underdeveloped countries amounting to about US \$460 million, and that the credits extended by the Export-Import Bank totalled US \$3,400 million during the 1956-59 period.

However, all these comparisons have the weakness, that *global* US figures are mentioned while in the case of the Soviet Union figures refer to financial aid given to countries *outside the Sino-Soviet bloc* only and that the Soviet Union has only recently emerged from the status of an underdeveloped country, and has been severely ravaged during the war.

Soviet Aid and Trade

The characteristic feature of Soviet aid is the direct interrelation between Soviet trade and aid, and in this respect the Soviet aid (apart from pure political considerations) resembles more the assistance given by western private firms than that granted by western governments or international financial organisations. The Soviet foreign trade policy underwent a certain transformation since the early 'fifties, crudely speaking from the notion that foreign trade is more or less a necessary evil to an attitude "in favour of cultivating foreign trade relations with the underdeveloped countries as a means of attaining political objectives".

Billerbeck prophesies that "in the coming years it is likely that even greater weight will be attached to the political objectives behind foreign trade, within the context of the 'peaceful economic

competition with capitalist countries' which is currently the concern of the Soviet Union", but adds that "this linking of economic changes and considerations with politics should not, however, disguise the fact that the establishment of economic relations with the underdeveloped countries was also important to the Soviet Union from a purely economic point of view, and this applies to an even greater extent to the East European countries".

By introducing the consideration of the "purely economic point of view" on the part of the Soviet Union, the problem of the importance of these economic relations from the point of view of the underdeveloped countries is raised. Now in the Soviet aid to underdeveloped countries (at least in the case of countries outside the Soviet-China bloc) grants play an insignificant share, and the financial aid consists of credits which are to be repaid by the receiving countries, usually by increased exports to the Soviet Union. Thus credits form a part of bilateral trade between the Soviet Union and the receiving underdeveloped countries. And, in fact, it is in the field of trade that a significant progress has been achieved during the last few years. Billerbeck writes that "there is no field in which the connections between the Soviet bloc and the underdeveloped countries have undergone a more impressive expansion than in the sphere of field of trade", and adds that "Apart from a few exceptional cases this trade was still practically without significance at the beginning of the 'fifties. The expansion which has taken place since 1953-54 therefore constitutes a completely new element in world trade that has profoundly affected the underdeveloped countries".

During the three years' period, 1955-58, Soviet trade with the underdeveloped countries of Asia grew to four times its original value, from 500 million roubles to 2,000 million roubles (the latter value equals at the Soviet official rate of exchange—about £180 million), and in addition the other members of the Soviet-China bloc have also increased appreciably their trade with the underdeveloped countries of Asia.* As a result of this increase, the share of the underdeveloped countries' trade with the Soviet-China bloc has risen in the global trade of the underdeveloped countries. In 1958 this share in the case of Afghanistan amounted to 50 per cent; in the case of Burma—10 per cent; Indonesia—7.4 per cent; India—5.1 per cent.

And posing the question "Does trade with the Soviet bloc offer the underdeveloped countries distinct advantages as against commodity exchange with Western countries?" Billerbeck replies that "The rapid expansion of this trade, especially in the last six years, compels us to answer this question in the affirmative," but adds that "The real reason for the growth of these trade connections is probably to be found in the fact that the Soviet bloc bought raw materials from the underdeveloped countries at a time when market conditions were particularly unfavourable to the exports of these underdeveloped countries." Billerbeck summarises that for the underdeveloped countries the benefits of Soviet bloc trade depend mainly on the fact that so far the West has not succeeded in finding a means of regulating world markets that satisfies the needs of the countries producing raw materials. His remark that "If such an arrangement were to come into operation the advantages of trade with the Soviet bloc would disappear" has little to do with the actual situation in the underdeveloped countries. Without minimising the importance of such arrangements, it is proper to say that the problem of the developing countries is not whether to export to the West or to the Soviet bloc, but how to increase their exports to the West and to the

(continued on page 40)

*Comparative figures on Soviet Union exports and imports in her trade with Asian countries in 1959 and 1958 were published in the September issue of EASTERN WORLD (page 42).

INDUSTRIAL AND COMMERCIAL NOTES

DUTCH POLDER FOR INDIA

The Dutch and the Indian Government have concluded agreements for the improvement and extension of a training centre for processing hides and leather and for the construction of an experimental polder in India. Holland will provide modern equipment for the training centre, three instructors in the sphere of treating hides, tanning and shoemaking and contribute f1 million (about £0.1 m.) to the cost of improvement and extension.

Holland will also assist in the construction and development of an experimental polder in the coastal strip of Saurashtra (State Bombay), where the Dutch Government had previously carried out investigations into modern methods of desalting the soil.

The Dutch share in the cost of construction and development of the experimental polder is estimated at f3 millions (about £0.3 m.).

DEVELOPMENT IN SINGAPORE

The Colonial Development Corporation, through its subsidiary company, Singapore Factory Development Ltd., has entered into arrangements with the Government of Singapore to develop jointly an industrial estate on a site which the Government has made available. The site is known as Redhill and has rail access.

Development is planned in two stages. The first stage, for which CDC has agreed to make up to £280,000 available, will provide for 34 small factories of standard design (18 terrace factories and 16 semi-detached).

Prospective factory owners will be able to purchase their factories on a 99-year lease granted by the Government and to obtain mortgage facilities from Singapore Factory Development Ltd.

Site preparation by the company was started last month. The Government has undertaken to construct the main access road, and all the main services, electricity,

water, gas and sewerage, will be provided by the Singapore City Council. There is no lack of applicants and all the factories should be completed in a year's time.

The second stage will provide prepared sites for larger factories, for private development or for approved development with mortgage facilities.

The scheme, when completed, should make a significant contribution to the industrial development of Singapore.

UK TRADE WITH HONG KONG

Statistics just released in Hong Kong indicate that during the first seven months of 1960 the Colony exported £20,870,000 worth of goods to Britain and imported from Britain £24,480,000 worth. These figures represent increases of £5,640,000 (Exports) and £4,300,000 (Imports) over the corresponding seven months of 1959. (All figures are calculated in f.o.b. values.)

The principal imports from Britain were transport equipment; base metals; machinery; textile yarn, fabrics and made-up articles; explosives and chemicals; medicinal and pharmaceutical products.

Hong Kong goods exported to Britain were mainly clothing; textile yarn, fabrics and made-up articles; footwear and miscellaneous manufactured articles.

NEW INDIAN FERTILIZER PLANT

The Development Loan Fund announced the approval of a US Government loan of \$30 million to Hindustan Chemicals and Fertilizer Ltd., a government sponsored corporation, to cover the foreign-exchange cost of building a \$58 million fertilizer plant at Trombay, near Bombay on the west coast of India.

The local-currency cost of the Trombay plant, equivalent to approximately \$28 million, is to be financed by a loan of rupees owned by the United States Government. Thus Trombay will be the first major fertilizer plant in India to be

financed entirely by the United States.

In considering the loan, the DLF took cognizance not only of India's great need for increased agricultural production, but also of the Indian Government's announced intention to enlist the cooperation of private enterprise to help produce further fertilizer supplies.

The increase in agricultural production is to be accomplished in part through increased use of chemical fertilizers. The Plan contemplates tripling the output of nitrogenous fertilizer and increasing the output of phosphatic fertilizer by six or seven times.

The Indian Government has announced its intention of enlisting the cooperation of privately owned and operated fertilizer plants in the achievement of these production targets. Five sites have already been identified as suitable for private fertilizer plants, and other sites are under consideration. A number of private firms, including some US firms, have advanced proposals to build installations at some of these sites, and their proposals are under review by the Government of India.

The Indian Government, in a recent letter to the Development Loan Fund, indicated the estimated requirements for foreign-exchange financing for these private plants and stated that it would welcome a decision by the United States Government to assist in financing private investment in fertilizer plants in India. In reply, the DLF stated that although no commitments could be made in advance of the receipt of specific proposals, it would give sympathetic attention to loan applications in the fertilizer field.

The \$58 million Trombay factory will consist of four major plants. These will yield ammonia and nitric acid as intermediary products, and urea and nitrophosphate fertilizers as final products. The principal raw materials will be refinery gas and naphtha from nearby petroleum refineries, and imported phosphate rock. The annual production of the factory is expected to be 116,000 tons of ammonia, 105,000 tons of urea, 105,000 tons of nitric acid, and 300,000 tons of nitrophosphate.

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Procurement financed by the DLF loan will be in the United States. Bids have already been received from suppliers and are now under review. Contracts for the plant are to be awarded within the next several months. Some preliminary work, principally land acquisition and survey, is now going forward at the Trombay site. It is expected that the factory will go into full-scale operation during 1962 or early in 1963.

AIR INDIA INAUGURATES NEW AIR LINK WITH KUWAIT

An Air India International 'Super Constellation' left Bombay on October 4, 1960, on its inaugural flight to Bahrain and Kuwait, establishing another link with the neighbouring countries in the Persian Gulf. Air India will operate a weekly service between Bombay and Kuwait via Karachi and Bahrain.

JAPAN'S WOOL INDUSTRY

During the first seven months of 1960 Japan's wool imports amounted to nearly 117,000 metric tons valued at US\$169 million, accounting for 6.4 per cent of the value of Japan's overall imports. The 1960 imports of wool increased in value by 43.1 per cent while the overall imports show an increase in value of 27.9 per cent. (During the whole of 1959 Japan's wool imports amounted to 168,553 tons valued at US\$212.4 million).

The production of woollen and worsted yarn reached 79,000 metric tons during the first seven months of 1960 or a monthly average of over 11,000 tons, while during the whole of 1959 the monthly average was less than 10,000 tons. The main increase was in worsted yarn, and in 1960 the production of worsted yarn accounted for more than two-thirds of the total yarn output. Exports of yarn amounted to 4.1 million lb. during the first half of 1960 (4.0 million lb.—during the first half of 1959), and the main markets were the US—1.3

million, Hong Kong—0.8 million, and Sweden—0.3 million lb.

The production of woollen and worsted fabrics reached nearly 179 million square meters during the first seven months of 1960 or a monthly average of nearly 26 million sq. m., as against the production of 271 million sq. m. during the whole of 1959—a monthly average of less than 23 million sq. m. Exports of these fabrics amounted to 17.1 million sq. yds. during the first half of 1960 (showing a five per cent increase over the exports during the corresponding period of last year), and the main export markets were the US—8.7 million, Hong Kong—2.6 million. Nigeria has become the third biggest market in 1960, and there was also a considerable increase of exports to Ghana. Exports of blankets increased by nearly 20 per cent from 13.3 million lb. during the first half of 1959 to 15.8 million lb. during the first half of 1960.

VIETNAM CONTRACT FOR AUSTIN BUS CHASSIS

The British Motor Corporation announced at the Commercial Vehicle Show that they have secured a contract worth US\$500,000 for the supply of diesel-engined bus chassis for Saigon Municipal Bus Company. The contract was awarded by the Central Purchasing Authority of the Government of Vietnam as the result of an international tender.

Under this contract the Austin Motor Company will supply 153 Austin A702, 160-inch wheel-base, forward-control chassis with "Halmo" 50-inch wheel-base and 24-inch frame extension. One complete prototype bus on the same chassis will also be delivered fitted with the Marshall Mulliner metal-framed 45-seater bus body built at Cambridge. Delivery is due to be completed by early 1961. Locally fabricated bodies are to be fitted to the chassis in the workshops of the Saigon Bus Company.

UK WOOL TOPS FOR ASIA

During the first nine months of 1960 UK global exports of wool tops remained at approximately the same level as last year and amounted to 70.8 million lb. However, as a result of higher wool prices the value of these exports increased from £28.4 million to £32.1 million during these periods. China and India continued to be the second and third biggest markets of this UK industry (Canada being the biggest market), and together with Japan, Pakistan and Hong Kong—these Asian markets accounted for £9.3 million or more than one-third in value of UK global exports of wool tops.

The following table shows the development of UK wool tops exports to the main Asian markets:

	1959		1960	
	first nine months vol. mill. lb.	val. £	first nine months vol. mill. lb.	val. £
China ...	7.4	2.5	7.3	3.2
India ...	7.7	2.9	6.9	3.1
Japan ...	5.2	2.2	3.1	1.5
Pakistan ...	2.5	1.0	2.7	1.1
Hong Kong	0.6	0.2	1.0	0.4

DLF SIGNS \$20,500,000 LOAN FOR THERMAL POWERPLANT IN TAIWAN

The Development Loan Fund announced the signing of an agreement covering a £20.5 million loan to the Taiwan Power Company, of Taipei, for a 125,000-kilowatt extension to the existing Nanpu steam powerplant at Kaohsiung.

The project is part of a long-range power development plan. Eighty per cent of the company's output goes to industries, though it serves the entire island and has nearly a million customers. The required equipment will be procured in the United States.

(continued from page 38)

Soviet bloc and in this way to secure earnings to be able to procure goods which are required for the economic development.

Dealing with future prospects in the relations between the Soviet bloc and the underdeveloped countries, the Study envisages changes of considerable magnitude in the field of trade, since the Soviet bloc will be consuming increasingly large quantities of commodities such as coffee, tea, cocoa, coconut oil, tropical fruits, etc. (which have hitherto been exported almost exclusively to West Europe and North America). In addition, considering the fact that Soviet development plans still concentrate on the sectors of industry producing capital goods, the growing capacity of many underdeveloped countries to export consumer goods of a relatively simple type also acquire added importance, and the export of these goods to the Soviet bloc may contribute to a further development of trade. On the other hand, the Soviet bloc's growing export potential (including that in finished goods from China) may have unfavourable consequences for those underdeveloped countries which are themselves anxious to export the same products.

An important aspect of Soviet aid to underdeveloped countries

is the sending of Soviet experts and technicians to the underdeveloped countries, and the training of nationals from underdeveloped countries in the Soviet Union and other countries of the Soviet-China bloc. Billerbeck refers to the fact that the number of Soviet bloc experts working in underdeveloped countries has roughly doubled in the past two years alone. The present number is estimated at around 6,000 and "it hardly seems unrealistic to assume that this figure will be doubled, if not trebled, within the next few years". The demand for qualified advisory and teaching personnel in the underdeveloped countries is practically unlimited. Whereas western countries have difficulty in finding sufficient number of specialists of adequate calibre for the work who are prepared to go to underdeveloped countries, especially in time of full employment, the bloc's long-term training programmes make it possible to respond immediately to all requests for advisory and specialist personnel, says the Study and adds the warning that "There is every sign that in the coming decade Soviet leaders intend to push this form of foreign aid to the point at which they can outdo Western efforts in the same field and thus create a counter-weight to balance out the West's superiority in the sphere of financial aid."

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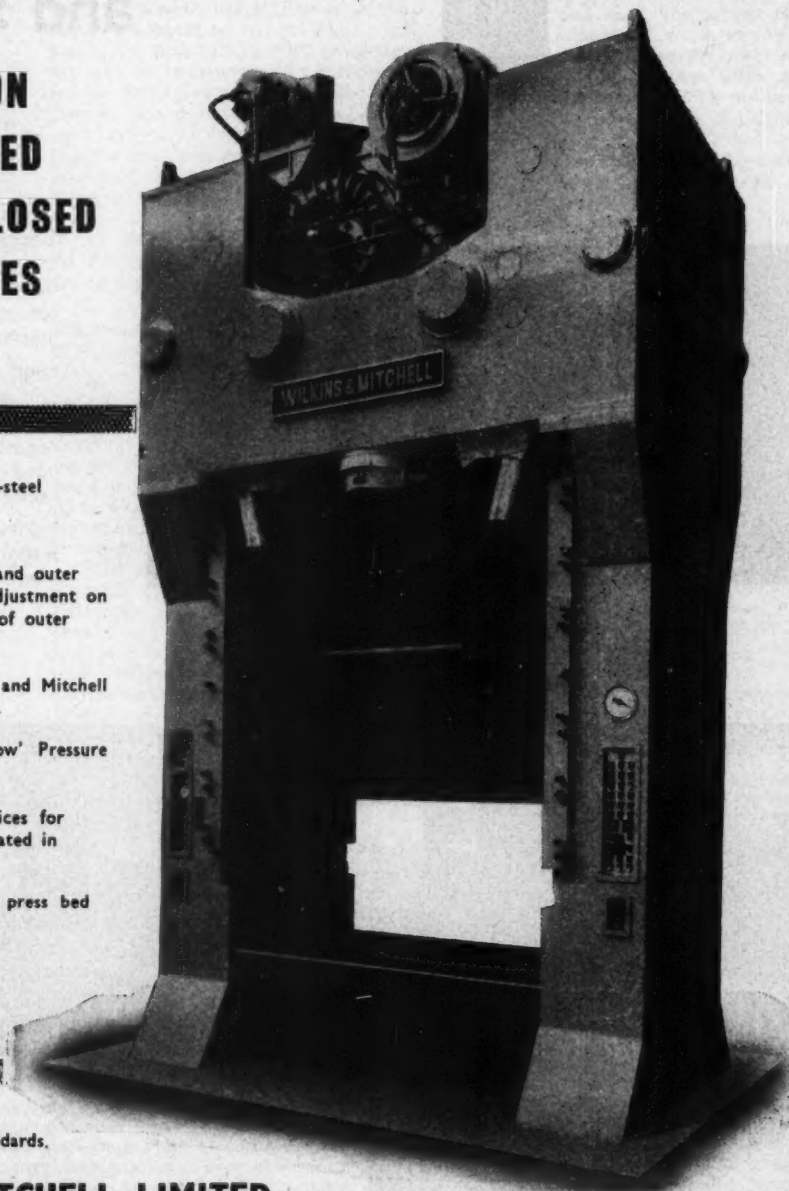
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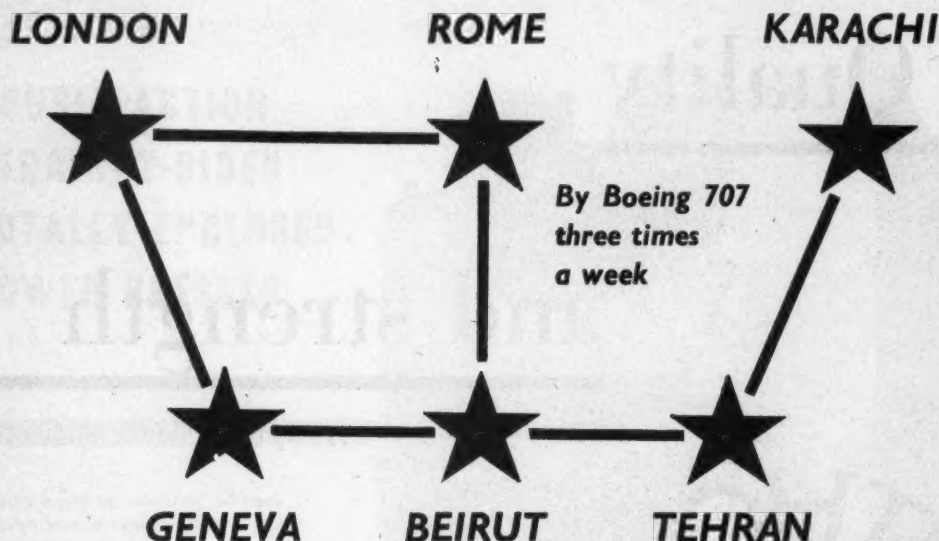
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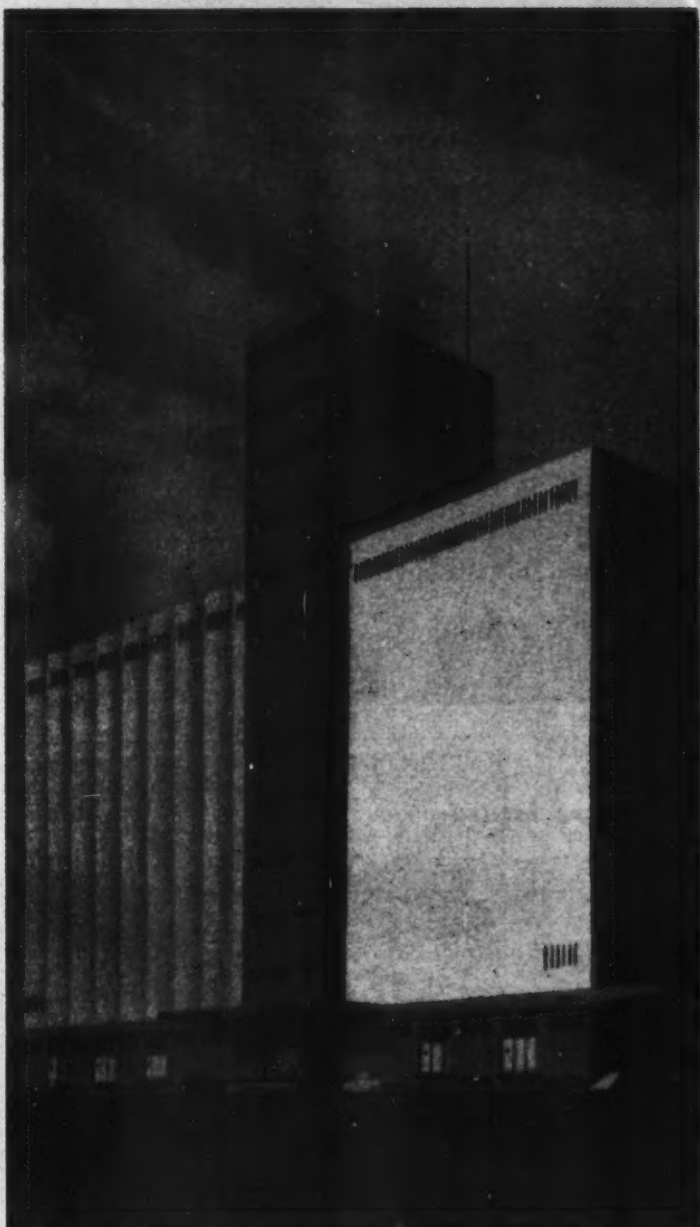
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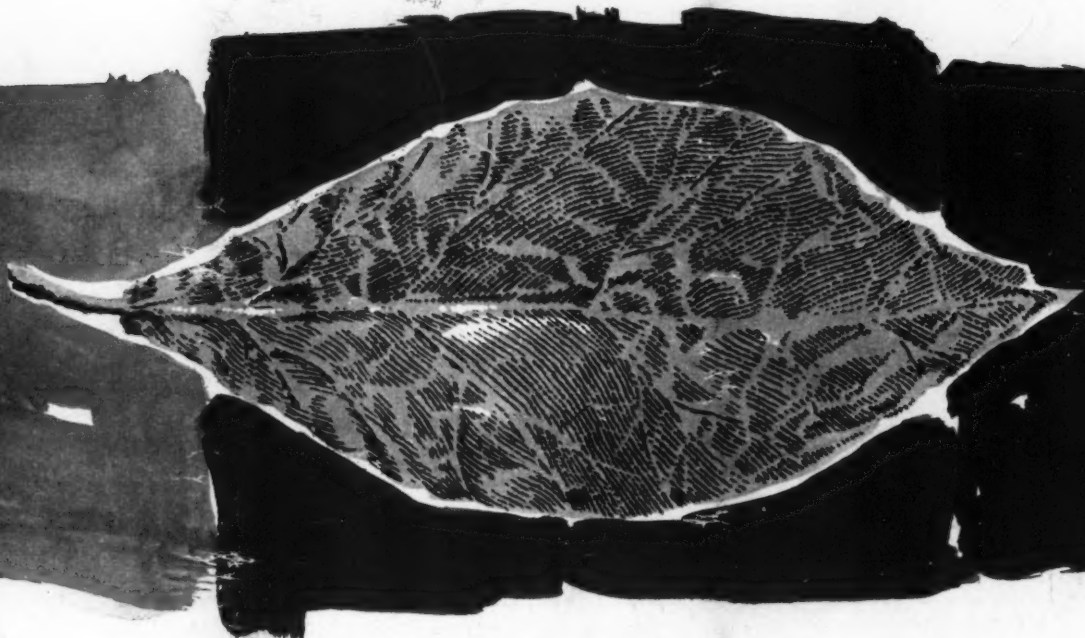
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The following table shows the results of the analysis of the amino acids in the sample. The values are given in milligrams per 100 milligrams of dry substance.

Amino Acid	Value (mg/100 mg dry substance)
Alanine	1.2
Aspartic acid	0.8
Glutamic acid	1.5
Proline	0.5
Serine	0.3
Threonine	0.2
Valine	0.4
Leucine	0.1
Isoleucine	0.1
Phenylalanine	0.1
Tyrosine	0.1
Lysine	0.1
Arginine	0.1
Histidine	0.1
Trp	0.1
Protein	1.5

The total protein content of the sample is 1.5 mg per 100 mg of dry substance.

